

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1951



Federal Reserve Board Chairman Martin:

"I like to think of a trustee relationship . . ."

(see page 48)

THE

*h*igh standard of

The standard of lending is going up and up.

That's exactly as it should be, of course.

In times like these, bankers are seeking sound loans that will help the defense effort—stabilize prices and stimulate healthy competition.

Often, this means approving inventory loans to finance the purchase of allocated or essential raw materials.

At other times it means helping a manufacturer to buy inventory on favorable terms, with the express object of keeping wholesale and retail prices down.

Frequently an inventory loan can prevent a concern from going out of business during the period of conversion from civilian to defense production. This policy keeps manpower available and employed during the waiting period.

Whenever there is inventory to be financed for a sound, non-inflationary purpose, Douglas-Guardian welcomes the opportunity to work with you and your customers. Our field warehouse receipts on merchandise make your security doubly secure.

YOU MAKE THE LOANS—WE'LL MAKE THEM SAFE

DOUGLAS-GUARDIAN

WAREHOUSE CORPORATION

"THE BANKERS' FIELD WAREHOUSE COMPANY"

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NEW YORK 4, N.Y., 50 Broad St.
CHICAGO 2, Ill., 173 W. Madison St.
ATLANTA 3, Ga., Hurt Bldg.
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MARION, Ind., P.O. Box 742
GRAND RAPIDS, Mich., 1368 Walsh St., S. E.

LENDING



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Snorkel insurance...



another extra protective feature you get with BBB #24!

Have you installed a sidewalk snorkel? Some banks are operating these "street to basement" deposit devices for customers who do not want to leave their cars.

Indemnity's Bankers Blanket Bond form 24 covers the operation of a snorkel or any other curb or drive-in service device. This is one of the many reasons why BBB #24 is the strongest, most inclusive

form of protection now offered to bankers.

Whether you operate a snorkel or not, you'll want to check the many protective features of BBB #24 against those of your present Bankers Blanket Bond. An Agent of the Indemnity Company will be glad to help you make the comparison. If you don't know who he is, write us, and we'll be glad to introduce you.



INSURANCE COMPANY OF
NORTH AMERICA
COMPANIES, 1600 ARCH STREET
Philadelphia 1, Pa.

PROTECT WHAT YOU HAVE®

Insurance Company of North America, founded 1792 in Independence Hall, is the oldest American stock fire and marine insurance company. It heads the "North America" Companies which meet the public demand for practically all types of Fire, Marine and Casualty insurance, Fidelity and Surety Bonds. Sold only through Agents or Brokers.

Insurance Company of North America • Indemnity Insurance Company of North America • Philadelphia Fire and Marine Insurance Company

Just a minute

Antidote for Some Recent Disclosures

IN sharp contrast to the messes uncovered by recent investigation are the pleasantly constructive achievements narrated by KARL DETZER in "A Bank's Way to Better Local Government" (page 33).

MR. DETZER tells how The First National Bank of Boston and its vice-president, JOHN AGNEW, created "a clearing house for local good government in New England." They did it by setting up the Institute of Local Government in cooperation with Northeastern University, Boston.

The plan started simply: the bank wanted to improve the quality of municipal securities in its territory and assigned MR. AGNEW to study the possibilities. Development of the Institute from this beginning is a refreshing story.

In the past 14 years 325 persons

have completed the course in municipal management. Many of the alumni are now city or town managers in New England; others head departments in local governments.

"The bank is happy to help," says MR. DETZER. "It is happy, too, to lend money to the communities managed by its graduates. It knows they will not try to float loans until they have made sure of their ability to repay them."

Junior's Never Seen a Gold Piece

THE NATIONAL CITY BANK OF NEW YORK, in a news release announcing a display of United States gold coins at an uptown branch, observed that inasmuch as gold was withdrawn from circulation by order of the President in March 1933, there is "a whole generation of United States citizens who have never seen the gold coins of their country."

"Through this exhibit," said the bank, "a section of our nation's history, the life span of gold coinage in the United States, has been brought to life for those who otherwise might read of it in the pages of a history book."

The display, taken from the bank's



"To be brutally frank, sir, our club appointed me to investigate your membership in something called the FDIC. Is it or is it not on the Attorney General's list?"

private collection, included one of the small gold eagles of 1795, the first issue of "gold pieces" bearing the name of the United States of America. All subsequent issues, of various denominations are also represented in the collection.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

William McChesney Martin, Jr., new chairman of the Board of Governors of the Federal Reserve System, gave testimony recently before a Senate committee on a variety of financial questions. He is quoted at some length in this month's Washington article, beginning on page 48.



BRUCE HORNTEL

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BANKING—Vol. XLIII No. 11. Published monthly at 5601 Chestnut Street, Philadelphia 39, Pa. Copyright 1951 by the American Bankers Association, Harold Stonier, Executive Manager, 12 East 36th Street, New York 16, N. Y., U. S. A.

Address all Editorial and Advertising Communications to 12 East 36th Street, New York 16, N. Y., U. S. A.

Chicago office, 105 West Adam Street, Chicago 3, Ill.; Washington office, 719 Fifteenth Street, N.W. Subscriptions: \$4.50 yearly; Canada, \$5.00; foreign, \$5.50; single copies, 50 cents. Entered as second-class matter at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

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GROWING POPULATION
PROVIDES

New Markets in FLORIDA

In ten short years, Florida's population—its market—has increased by 46.1%. Markets in nearby Southern states are expanding rapidly, too. And growing Latin American markets are only a short haul from Florida ports. Opportunity awaits you in Florida.

SOUTH HOLDS LEAD AS MOST POPULOUS AREA

Census reports show that the South is still the nation's most populous area, with a total of 46,931,354 persons. Putting your branch plant in Florida will put you right in the heart of this market.

Florida's new markets, ample manpower and available raw materials make it a fertile field for new industry. There are almost 3,000 manufacturing firms now in Florida, but there is a need for many more to supply the Sunshine State's rapidly-expanding population and the growing markets nearby. Learn how Florida's advantages can benefit your plant or business with its many opportunities.

Florida

If you are interested in establishing or purchasing a business in Florida, write us! We will help you find your requirements.

STATE OF FLORIDA
709½ Commission Bldg., Tallahassee

Henry Fessler signs Check No. 100,000 at the Sheboygan bank as President O. L. Hall looks on. This picture was used in the bank ad that told the story



His 100,000th Check

It takes an unusual combination of circumstances to produce the story the BANK OF SHEBOYGAN, Wisconsin, told effectively in a recent newspaper ad.

In the first place, you must have a reasonably venerable checking account customer.

In the second place, he must have been your customer for a long time.

And in the third, he must have numbered his checks consecutively.

HENRY FESSLER, aged 90, started his account just a few years after the bank opened in 1873. When he retired from active business he kept his account and continued the numerical sequence of the checks.

When he approached No. 100,000 the bank said, in so many words, "Just a minute, Mr. F.—we want a photographer present when you sign that one."

So, on the day this big number came up, there was a little ceremony at the bank as Check Writer FESSLER wrote his name as payor. The bank's president, O. L. HALL, was there, too.

After telling the story, the ad said:

"We are proud of the many old customers who have been with this bank through the years. Today children and grandchildren of those early pioneers are doing business with us. We sincerely appreciate their friendship and goodwill. . . .

"Mr. Fessler knows the value of a checking account, as he has made use of one for over half a century. . . ."

We might add that the bank knew the news value of this unusual incident—and proceeded to make good use of it.

That "Unmistakable Trend"

BANKING's observations on its 1951 Forum in Print (March issue) was a text for at least two friendly commentaries on the banking business by newspaper writers.

AP's SAM DAWSON, whose daily business and financial column appears in many newspapers, enlarged on our suggestion that bank advertising shows an "unmistakable trend toward friendliness, informality, human interest, and a generally relaxed approach to closer relations with the public," and that there is a tendency for banks to put the emphasis "less on an immediate return to the bank than on goodwill toward present and potential customers."

Columnist DAWSON said his readers would probably agree that "especially since the war the banking fraternity has made strides in the four matters BANKING stresses." Then he checked them, one by one:

"Friendliness. Certainly, and on both sides, too. Bank advertising nowadays urges you not to spend all of your dough on little things, but to start a savings account so that you will accumulate a large lump 'to buy the things dearest to your heart.' Other bank advertising tells you not to think of your bank as 'only for millionaires'—not at all. Some of them stand ready to make the smallest of loans to help you pay your bills or purchase things on the cuff. In return for this friendliness toward you banks are asking some from you, too. If you put your money in a savings account you mustn't expect as much interest as grandfather did. If you put in a demand deposit for them to invest,

(CONTINUED ON PAGE 6)



HELPING TO KEEP AMERICA STRONG

America's destiny rides on her ability to produce. Day and night, the telephone helps our factories get out the goods and the guns. In many other ways it helps to safeguard the country and its people.

Civilian Defense. The telephone is an essential link in national, state and local defense. One of the Bell System's most important current undertakings is the installation of telephone facilities for a Radar Network rimming the country.

Meeting Military Needs. Thousands of miles of private line networks have already been provided for military needs. Long Distance as well as local telephone facilities

are also being built and installed in record time for military bases and training camps all over the country.

Arms and Radar Leader. The Nation's largest producer of gun directors, radar equipment, radio and telephones for military use during the last war was the Western Electric Company, manufacturing and supply unit of the Bell System. Western Electric and Bell Labora-

tories completed over 1200 military projects. They are again working on special defense assignments.

Value of Growth. Times of national emergency emphasize the value of a nationwide telephone system big enough and good enough to meet the needs of its people, its armed forces, and its industries.

Whatever the job, you can depend on the telephone and on telephone people to help get it done.

BELL TELEPHONE SYSTEM





Hammer hits back!

(Based on Hartford Claim #72 L 7301)

A plastic chip from a soft-tipped hammer with which he was working struck a mechanic in the eye. As a result, vision in the injured eye was completely destroyed.

Charging that the accident was due to a defect in the hammer the mechanic made damage claims against *three* different concerns—the supplier who sold him the tool, the hammer manufacturer and a specialty manufacturer who had made the plastic tip used in the hammer assembly. One of these firms, a Hartford Liability Insurance policyholder, was presented with a demand for several thousand dollars, but the claim was withdrawn when investigation and legal defense—provided by the Hartford—proved it could not be sustained.

• • •

This actual case illustrates a risk that could seriously impair your customers' ability to fulfill their financial obligations to you. As long as anything produced or sold by them is in use there is a possibility of damage claims against them. This threat to the security of your loans makes it important to consider the need of your customers for Product Liability Insurance. Your Hartford agent or your insurance broker can advise you and your customers on their exposures. In over 5000 localities you can quickly find the nearest Hartford agent by simply calling Western Union by number and asking for "Operator 25."

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY
Hartford 15, Connecticut

Year in and year out you'll do well with the Hartford



(CONTINUED FROM PAGE 4)

you are likely to pay a service charge. . . ."

As for "informality," MR. DAWSON observed: "You no longer can tell a banker by his clothes—no spats, cane, striped pants, mutton chop whiskers, top hat. Now he looks like any other Rotarian. And the smile never leaves his face. Of course, if you're overdrawn the smile may grow faint. And if you miss a payment on a loan, the smile may be hard to find."

Banks have made some of their greatest strides in "human interest," the AP reporter noted. "For example, the banks clustered around Rockefeller Center, in mid-Manhattan, speak proudly of the decor of their powder rooms. And they've made those other little rooms where safety deposit box customers clip their coupons mighty comfy."

The "relaxed approach" is expressed in part by modern bank architecture: gone are the "grilled money counters where the teller used to peer out at you through a slot like a blind-pig operator at a speakeasy door." Now you hand your money across an open counter "in as relaxed a fashion as if you were offering the teller a stick of gum." And "the doorman practically pulls you inside to sell you the bank's services."

In fact, "the whole unmistakable trend' is all to the good, and we're all for it," concluded the Associated Press observer.

(CONTINUED ON PAGE 11)

"What do you mean it isn't your duty to watch kids? You're here to protect the bank, and if you know what's good for the bank you'll hold him while I cash a check!"



"...and that Credit Report from Bankers Trust certainly gave us the facts we wanted. I hear that every credit inquiry they get receives the personal attention of an experienced credit officer..."



How you can get dependable Credit Information

You, of course, know the importance of getting accurate, dependable credit information — credit information which can be acted upon with confidence.

That is the kind of credit information you receive when you send us your credit inquiries.

Credit information from Bankers Trust is based on personal interviews with suppliers, customers, competitors, banks, trade associations and regular credit agencies.

Our credit investigators and analysts are well-trained, competent, and experienced. In addition, every credit inquiry receives the personal attention of an experienced credit officer. He supervises the investigation and evaluates the facts obtained in the light of current trade and business conditions.

This "officer management" offers you a decided advantage.

This is just one of the many services Bankers Trust offers its correspondents and customers. If you require an efficient New York banking connection you are invited to write us at 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



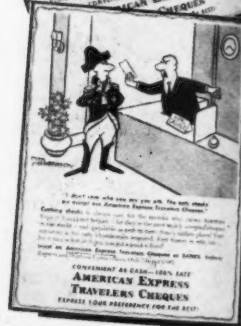
THE MOST AGGRESSIVE SALES PROGRAM

... timed



Keys
to
better
business

...with American Express Travelers Cheques



AMERICAN EXPRESS

IN AMERICAN EXPRESS HISTORY!

to CAPITALIZE on a great travel year!

...keyed to increase INTEREST in your bank!



All signs say that 1951 is sure to be a big travel year for your customers. Very few of these people are world travelers. Most of them are people who take regular one-week, two-week and three-week vacations . . . most of whom are prospective purchasers of the best-known and most widely accepted cheques in the world—American Express Travelers Cheques.

To help your bank get the greatest benefit from this mass vacation travel,

American Express—which has built up this great business since 1891—is now launching its most aggressive sales program in history! Large-space advertising appearing regularly in a mighty list of magazines will build a market for American Express Travelers Cheques. To make sure your bank gets its full share of the business, sales aids are available to attract more buyers for American Express Travelers Cheques *locally to your bank!* There's no charge for the material. Use it in your bank and in your local advertising. It will attract new customers—customers who will appreciate your bank's service in supplying them with cheques that give the greatest convenience and protection.

The New 1951 American Express Portfolio supplies you with all these FREE sales helps!

- Leaflets for statement enclosures
- Attractive counter displays
- Newspaper advertising mats
- Radio commercials

Put this promotional material to work for you. Select the items you want and send for the quantities you can use.

This promotion kit was mailed to banks APRIL 1ST. If by any chance yours hasn't reached you, please write to Olaf Ravn-dal, Vice President, American Express Company, 65 Broadway, New York 6, N. Y.

TRAVELERS CHEQUES

MOST WIDELY ACCEPTED CHEQUES IN THE WORLD



YOU CAN chart the road to **THEIR** financial security

... through the services of
Christmas Club, a Corporation

Look at these people in your community. They are typical Christmas Club members. Every one of them is a potential customer for the services you offer. You have an opportunity to chart a course for their financial security. Their progress, in part, is your responsibility.

Christmas Club, A Corporation, can give you proof, through statements made by these people in the recent Herbert F. Rawll Memorial Awards Competition, that they are willing and eager to accept your advice on financial problems. And they are ready to make a constructive use of the services you offer.

Christmas Club, A Corporation, can present facts which are challenging enough to prove the importance of doing business with an organization that has the "Know How" to direct public thinking into channels of thrift and savings programs that will develop unity and confidence in our American Banking System.



HOUSEWIVES	POLICEMEN
TYCOONS	FIREMEN
LABORERS	INSURANCE AGENTS
CIVIC LEADERS	REAL ESTATE OPERATORS
SCHOOL TEACHERS	PLUMBERS
SALES MANAGERS	NURSES
DOCTORS	STUDENTS
LAWYERS	BUTCHERS
RELIGIOUS LEADERS	ELECTRICIANS
	WHITE COLLAR WORKERS

A Christmas Club, A Corporation sales representative will be glad to consult with you. (No obligation, of course.)

Christmas Club

A Corporation

FOUNDED BY HERBERT F. RAWLL

230 PARK AVENUE, NEW YORK 17, N. Y.



Financial institutions that display the emblem of Christmas Club, A Corporation, are institutions that attract permanent customers.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS



"Who around here has the initials NSF?"

(CONTINUED FROM PAGE 6)

"The Glass Eye's a Watch Charm"

UNDER that heading Columnist WILLIAM A. CALDWELL in the *Bergen* (New Jersey) *Evening Record* took up the story. He seemed to think we'd been a bit late in discovering an "unmistakable trend" toward friendliness in banking.

"It's 20 years or more since bankers in these parts, and people, too, found we're all on the same side of the argument—since, that is, you could spot a banker by his top hat and striped pants and Dundry whiskers, not to mention his advancing down Main Street looking as if he were aware you were about to touch him for a nickel and as if he meant, when you stuck out your hand, to bite off your arm up to the elbow.

"If we understand the present day banker's point of view, at least in these hinterlands, it is to this effect: a bank's value, hence its earning power, depends on its ability to make itself useful to its community. The more it helps its town—or society, to use the root word and concept—to grow and prosper, the better member of the team it is and also the better off it is in the long pull. . . .

"Anybody who has to do with the nonprofit sort of works which determine what is a town's spirit or even soul knows that wherever two or three are gathered together in some hopelessly visionary, struggling, anonymous cause, there you'll find your banker, yellow scratch pad on knee, pencil in hand, trying to figure a way to pull the poor thing through alive."



An innocent looking fountain pen, you say.

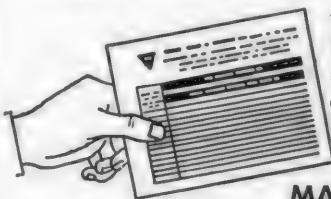
That's right, but it cost one busy bank officer \$625 last year.

That was the price, in officer time, of signing bank checks by hand, with a pen. It could have been worse, too—hand signatures are easy to forge and copy.

Now—for the first time—you can find out the actual price your bank is paying for hand-signed checks.

The new Todd Time-Study Chart gives you the whole costly, dangerous picture at a glance.

For example: If a \$12,500 a year officer signs 500 checks a week, he's wasting \$625 annually, in time alone—he's exposing countless "samples" of his signature to possible crooks and forgers and he's making 26,000 extra demands annually on his health and energy.



Send for the Todd Time-Study Chart today. And get the facts about the Todd Protectograph Signer—the machine that signs 50 checks a minute—that stops check crimes where they start and provides positive control over check issuance.

MAIL THE COUPON NOW

THE TODD COMPANY, Inc.,
Dept. B, Rochester 3, N. Y.

Please send me without cost or obligation your Time-Study Survey, "Cost of Signing Checks by Hand," together with information about the Todd Protectograph Signer.

Bank Name _____

Address _____

City _____ Zone _____ State _____

By _____

B-5-51

Todd
COMPANY, INC.



ROCHESTER NEW YORK
SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD



... Union Pacific hub of the West offers strategic advantages for industrial expansion

Union Pacific properties in Ogden, Utah, offer industry an excellent location for manufacturing, processing and warehousing.

This area is the hub of the railroad's famed overland transportation system, a strategic distribution point for the rapidly developing West.

These industrial tracts have paved streets and all public utilities. A ready supply of skilled and semi-skilled labor is on hand.

Among the 25 industries established here are: American Can, Continental Oil, Gamble-Skogmo, Solar Battery and Sperry Flour.

100 Acres of industrial tracts are still available in the 180 acre area . . . for new or expanding industries requiring rail siding plant sites.

Ogden is located in a beautiful, wide, mountain-ringed setting, with a healthful climate and friendly people.



Other choice plant sites along Union Pacific in Utah are also available at Salt Lake City.

System-wide, Union Pacific's industrial plant opportunities include sites in these eleven States: CALIFORNIA, COLORADO, IDAHO, KANSAS, MONTANA, NEBRASKA, NEVADA, OREGON, UTAH, WASHINGTON and WYOMING.

For detailed, confidential information please write:

INDUSTRIAL PROPERTIES DEPARTMENT
UNION PACIFIC RAILROAD, ROOM 146
OMAHA 2, NEBRASKA

UNION PACIFIC RAILROAD

The "revolution in banking," said Mr. CALDWELL, takes many forms. "Banks have a stake through their business tie-ups in your spending your dough as fast as you get it. But they counsel you not to do that. Put some away, their advertising pleads. But then again, if spend you must, remember your bank wants to help you get—on the cuff—the things you want."

A Public Service

An economist who had spoken at several bank-sponsored women's financial forums stopped at BANKING's desk for a chat.

"Well, how were they?" we asked, meaning the forums, not the women.

"Let me tell you," he said, shaking a finger for emphasis, "these meetings are *something!* Housewives, business and professional women, young women and elderly women are really concerned about what's happening to the purchasing power of their incomes.

"The questions they ask are serious and intelligent: 'What's the cause of this inflation?'; 'What can we, as women, do to stop it?'"

"When I suggested that one thing they could do was urge their Senators and Representatives in Congress to vote against unnecessary spending, the applause was tremendous.

"I'd say that these forums are providing an outlet for a lot of pent-up anxiety and indignation. Attendance at all I visited was considerably larger than had been anticipated.

"This is something more than a bank public relations enterprise. It's a real public service—and people aren't likely to forget it."

Our visitor was WILLIAM A. IRWIN, economist of the A.B.A.

"Bill," we said, "put that into an article for BANKING."

So he did. It's on page 84.

Postscript

RATHER late for a St. Patrick's Day note, perhaps, but the Associated Press reported that on March 17 residents of Erin, New York (near Elmira) mailed green envelopes to collector friends. The letters carried the green three cent stamp issued early in 1950 to commemorate the 75th anniversary of the American Bankers Association.

J. L. C.

NOW...as never before...you need

AUDIOGRAPH { Added Business Capacity

to offset the threat of a personnel shortage!

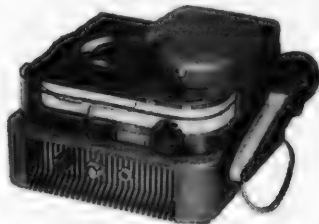
With the urgent needs of the Defense Program imposing a steady drain on business personnel, *now* is none too soon to provide the means of meeting the manpower problem.

In the field of business communications, AUDIOGRAPH dictation provides the means of increasing personal and office output. For the Added Business Capacity of AUDIOGRAPH enables you to streamline your correspondence-handling all along the line. Prominent users of AUDIOGRAPH report office volume output maintained despite personnel losses as high as 30%.

The pressure to produce is with us *now*! Before it imposes a serious threat to *your* manpower, mail the coupon as the most important step you can take for continuing to *get things done* in volume and efficiency. You'll be time and money ahead for *years* to come.



Dictating and transcribing
are E-A-S-I-E-R



with AUDIOGRAPH

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The Dream You Save For

MARY B. LEACH

SELDOM do American school children have so many incentives for excelling in a study project as were offered in the "Draw the Dream You Save For" national art project sponsored in the grade schools in every nook and cranny of the United States last month.

This cartoon-drawing program gave fourth through seventh grade pupils in public, private, and parochial schools practical exercises in patriotism and an opportunity to educate their Moms and Dads in the importance of the U. S. Defense Bond and Stamp program. Through their own research they learned more about the operation of free enterprise America, including the savings function of banks.

Childish ambitions doubtless soared to new heights as these budding Alex Raymonds day dreamed over the possibility of having their drawings selected for special White House recognition.

Gary Set Pattern

The "Draw the Dream You Save For" idea originated in Gary, Indiana, when teachers, inspired by the United States Treasury Department's nationwide campaign to increase participation in the Payroll Savings Plan for bond purchases, asked their pupils to illustrate with pencil or crayon what their parents save for.

The U. S. Savings Bonds Division

Mr. Raymond offers some helpful ideas to some older students on how to mount their posters for display purposes



In background, Cartoonists Edson, left, and Raymond, right, visiting a Stamford classroom to offer suggestions to the student art contestants. That's a bank teller—not a pugilist—illustrating the poster under examination

of the Treasury liked this creative idea and the National Cartoonist Society stepped forward and offered to cooperate in a nationwide project patterned after the spontaneous Gary model. Stamford, Connecticut, a city with a penchant for savings and a school system that teaches the conservation of natural resources and the rewards of thriftiness in its social studies course, was a natural for a full dress rehearsal of this contest before it was launched on a nationwide basis.

Still another reason for selecting Stamford for the trial run was that it is the home of Alex Raymond and Gus Edson of Rip Kirby and Andy Gump cartoon strip fame. Mr. Ray-

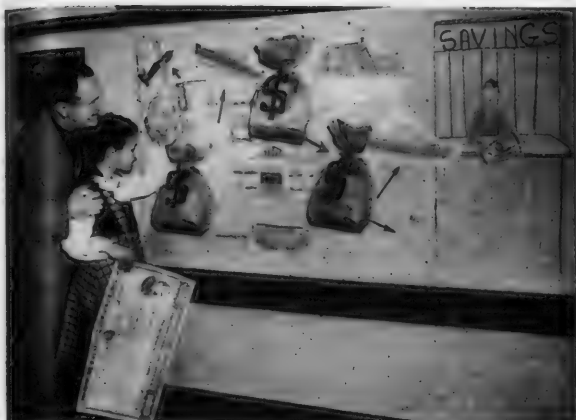
mond is president of the National Cartoonists Society and Mr. Edson is chairman of the Cartoonists National Advisory Committee to the Treasury. Mr. Raymond and Mr. Edson actively assisted in the conduct of the Stamford cartoon-drawing project, and they, along with other leading American cartoonists, backed the nationwide contest which closed on April 23.

Social Studies Course

Reginald A. Neuwen and Helen A. Tobin, superintendent and assistant superintendent, respectively, of the Stamford school system, are staunch advocates of teaching conservation and thrift from the kindergarten through high school. They firmly believe that the way to produce good citizens is through a continuous educational process. By studying about what constitutes America's resources and the importance of safeguarding those resources in Stamford's social studies course, pupils learn to have a wholesome respect for conserving money, trees, minerals, and other basic resources.

"We are teaching the children the worth of things; the recognition of true values," said Assistant Superintendent Tobin in discussing the Stamford art meet. "We don't talk about saving for a rainy day, for there doesn't have to be a rainy day."

This year the Stamford social



Mr. Raymond, above, left, helps arrange an exhibit. (Do you recognize the man at the savings window?) The class project, at right, was made after students visited banks, insurance companies, etc., to get some ideas about ways to save

studies emphasized thrift—the saving of money—which tied in naturally with the Treasury's Savings Bond and Stamp educational program. The conservation unit study was confined to two weeks. The first week was devoted to conservation in general and the second week to interpreting in art form "What My Dad Saves For." Emphasis in the contest was on family saving rather than individual saving. The art department of the Stamford public schools supervised the drawing of the posters in ink, colored crayons, pencil, and water colors.

A brochure inviting Stamford school children to participate was sent by the Treasury Department to 3,641 children. Either before or after consulting with their Dads on what they save for, many of the students, individually or as a class, visited the banks, insurance companies, and other institutions to study at first hand the various savings media. A good many of the poster exhibits featured a bank and indicated a natural acceptance of banks as the place to accumulate savings funds.

Bank Tours Helpful

In part, at least, this acceptance probably stems from the policy of the banks of inviting teachers and their pupils to visit them to "watch the wheels go round." "These tours," said Gibbs Lyons, president of The First-Stamford National Bank & Trust Company, "have certainly brought about a better understanding on the part of the school authorities, the teachers, and the children of the important part which banking plays in the life of the community."

The family savings goals were as

individual, and, some times unique, as were the pupils' drawings. More families were saving for city and country homes, an extra bedroom, pleasure boats, automobiles, vacation travel, and college educations for their children than anything else. Some yachts as big as luxury liners cropped up in the drawings. In an outlying school every pupil was saving for a home in the country; the children wanted farms with animals on them. One family was saving for a divorce. One young shaver said that he personally was saving to get married and to buy his bride a home. A third grader said his family already has a home and that they are now saving to keep it.

When the Stamford bankers learned about this project, they gave it their blessing, and at its conclusion representatives from the five banks visited the schools, saw the drawings, and talked with the children and their teachers. Instead of

making the tour as a body, four teams were formed, with Mr. Neuwien, Miss Tobin, Mr. Raymond, and Mr. Edson acting as guides and art interpreters.

"The children were thrilled and delighted to have the bankers come and talk with them informally as they saw their pictures," said Miss Tobin. "Santa Claus could not have caused a greater commotion among the children than the bankers did. They were so appreciative of this evidence of outside interest in their work."

Bankers Praise Outcome

And what did the bankers think of this youthful portrayal of thrift? James A. Weir, assistant vice-president of The Stamford Trust Company, found it "gratifying to visit the classrooms and find our American way of life expressed in such a wholesome manner."

(CONTINUED ON PAGE 105)

A couple of budding cartoonists take Banker Lyons and Cartoonist Edson on a guided tour of an exhibit



HOW TO KEEP *up-to-date* ON CANADA!



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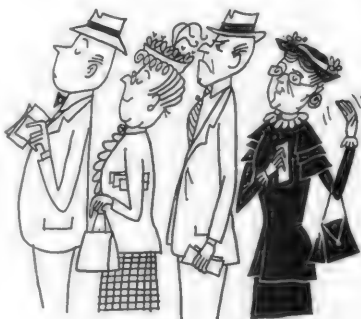
HEAD OFFICE
MONTREAL

RESOURCES EXCEED \$2 BILLION



ALL bank officers worry more or less on extra-busy days when long lines form at the tellers' windows and customers awaiting their turns display symptoms of impatience. Our cashier dislikes to see customers irritated by delay in service, so through the years he has developed a system of his own for lessening the numbers standing in line. On a busy Monday or Saturday morning he circulates around the lobby, his eyes alert for those people who perhaps want only to cash a check drawn on our bank. To those customers he suggests that if they will bring the checks to the collection cage, they can be waited on without delay. His suggestion is generally welcomed and acted upon. He figures that this procedure saves a lot of griping about "standing in line."

Last week he had the surprise of his life. Approaching a lady near the end of the queue, whose check, held in her hand, he could see was drawn on our bank, he made the usual suggestion, and was completely floored to have her reply: "Oh, I just love to stand in this line. I always have



a good time when I come in here—there's so much to see and hear and so many to talk to. I'm never in any hurry to get out!"

Even in this present-day world with its stress and strain and hustle and bustle, our cashier has decided,

there are people who aren't in a hurry!

"And perhaps," he muses, "all those people I have been imagining as griping because they had to wait for service are in reality enjoying a few minutes of quiet in which to relieve the Saturday golf game or plan a new summer outfit."

THE "kindly word that falls today" descends upon banks as well as individuals, but it is unusual to get a fan letter about one of our employees. For nearly a year, in our weekly "column" which appears in the local newspaper, we have been devoting some space to telling, in turn, about our various workers. Last week it was the "turn" of one of our tellers. A day or two later came a letter addressed to the col-



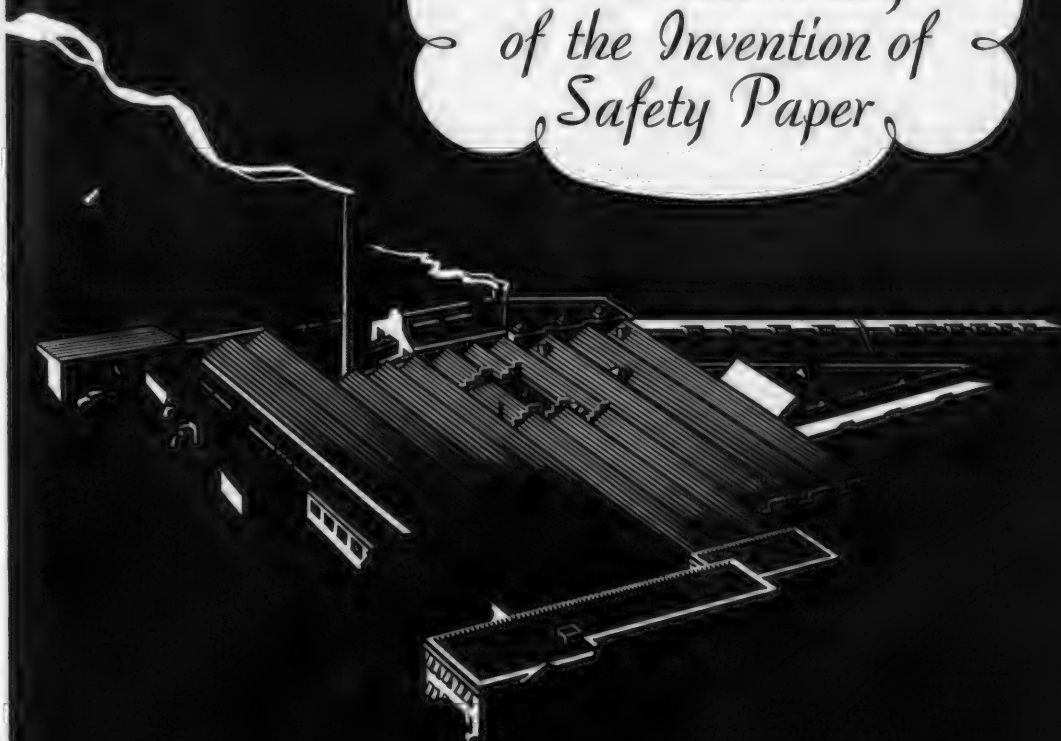
umn praising the employee in question:

"She is just as goodnatured when you go in to cash a check or get a bill changed as if you were depositing a thousand dollars. She always bids you good-day so pleasantly and does everything she can to help you. In the five years I have been coming to your bank I have always gone to her window, just on that account. I think she is the nicest person on the first floor—and that includes the cashier, too!" The letter was signed "A Customer at Times."

Now, that letter made everyone in the bank feel good. It made us wonder, too, why we didn't more often take the trouble to write or say a kindly word in behalf of the clerk in the department store who took so much time and care in exactly matching the thread we wanted, or the grocers' clerk who made a trip back to the refrigerator to get us a "really fresh" head of lettuce because those in the case were a little wilted. Appreciation is like mercy—"it blesseth him that gives and him that takes."

BELLE S. HAMILTON

80th Anniversary
of the Invention of
Safety Paper



THE NUTLEY, N. J. PLANT OF
GEORGE LA MONTE & SON

When George La Monte patented the first practical Safety Paper in 1871 he saw in it a product of great importance to Banking and Business. In the 80 years since, the widespread acceptance of Safety Paper for checks has amply justified his foresight. We are proud of the part George La Monte & Son has had in serving the vast Banking and Corporate interests which have helped to make America great.



La Monte
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GEORGE LA MONTE & SON, NUTLEY, NEW JERSEY

THE WAVY LINES © ARE A LA MONTE TRADE-MARK



L. M. Giannini Gets Award

L. M. GIANNINI, president of Bank of America, received the first World Brotherhood Award for his contributions to world peace and freedom. The presentation was made in Los Angeles at the first American Conference of the World Brotherhood organization, founded in Paris in June 1950.

Mr. GIANNINI was named by a committee of 22 member nations and received the award at a meeting of 600 civic, religious and industrial leaders.

In acknowledging the honor the banker said: "Let us seek out the one direction in which peace lies, and dedicate our best efforts to bring it to realization on a basis of no compromise with communism. It is fatal to compromise or appease communism . . . every compromise is a defeat for the ideas of freedom."

Commenting on internal problems, Mr. GIANNINI expressed the opinion that "loyal-minded Americans"

President Giannini, left, is congratulated by Charles P. Skouras, head of Fox West Coast Theatres, on receiving the World Brotherhood Award. Mr. Skouras presided at the presentation dinner



should "put our Government back into the hands of the people."

"A long step toward this," he asserted, "can be taken simply by dissolving a most substantial part of the Federal bureaucracy. I find myself intrigued by the thought that the principal powers of taxation should be confined to the state and local political subdivisions. Then these state and local organs of government, which are closer to the people and more sensitive to their wishes, could subsidize the necessities of the Federal Government and keep them under control."

MALCOLM BRYAN, vice-chairman and treasurer of the Trust Company of Georgia, has been elected president of the Federal Reserve Bank of Atlanta, succeeding W. S. McCLARIN, JR., who retired after 35 years with the bank. Mr. BRYAN was made vice-president of the Federal in 1931 and first vice-president in 1938. He was a technical adviser to the American delegation to the Bretton Woods Conference in 1944 and secretary to the conference committee on organization and management of the Monetary Fund. He is also a former president of the Southern Economic Association, and founder and editor of *The Southern Economic Journal*.

WILLIAM L. DAY, executive vice-president of The Pennsylvania Company for Banking and Trusts, Philadelphia, has been granted a leave of absence to work in Washington as a special consultant, in a civilian capacity, in Secretary of the Air Force Finletter's office. MR. DAY served with the Army Air Force during World War II and was discharged with the rank of colonel. He received the Legion of Merit and the Order of the British Empire awards.

Wallace 50 Years With Security-First

GEOERGE M. WALLACE, chairman of the board and chief executive officer of the Security-First National Bank of Los Angeles, celebrated his 50th anniversary with the bank on April 7.

MR. WALLACE joined the staff as a messenger at the age of 16, and has worked at virtually every position in the bank. For many years he was president. He served four terms on the Federal Advisory Council of the Federal Reserve System and has been on many important committees of the American Bankers Association and the Association of Reserve City Bankers.

On his 40th anniversary with the bank, a Los Angeles newspaper asked Mr. WALLACE for a word of advice to young people. This was it:

"Never regard any job as temporary employment. Go at it as if you intended to spend your life at it. I do

(CONTINUED ON PAGE 20)

Mervin B. France, left, president of the Society for Savings, Cleveland, presents L. Quincey Mumford, director of the Cleveland Public Library, with a set of Freedom Train documents. The Society made 100 sets available for exhibit in the city's libraries and schools



The number 1 bank in Philadelphia

in more

ways

than one!

The Philadelphia National Bank is Philadelphia's oldest and largest bank . . . organized in 1803 with George Clymer, a signer of the Declaration of Independence, as its first president . . . today has resources of over \$800 million.

Has the largest combined Capital and Surplus of any Philadelphia bank . . . \$50 million . . . permitting individual loans up to \$5 million.

Has 25 of the Nation's 30 largest manufacturers as depositors . . . and still appreciates the importance of serving small and medium sized accounts.

Has the biggest Foreign Department in Philadelphia . . . finances more exports and imports moving through the Port of Philadelphia than any other bank.

Has correspondent relations with over 1000 domestic banks including 80 of the 100 largest . . . and more than 1800 foreign banks in over 100 countries.

The first to establish 24-hour service in collection of checks . . . 7 days a week—including Holidays . . . last year handled over 100 million items.

Has credit information in its files on over 100,000 commercial enterprises in this country and abroad.

THE PHILADELPHIA NATIONAL BANK

Established 1803

PHILADELPHIA 1, PA.

Member Federal Reserve System



CREDIT INSURANCE COMPLETES YOUR CUSTOMERS' PROGRAMS OF PROTECTION!

MANY companies have seen their full year's profits wiped out by credit losses. That's why companies in over 100 lines of business now *complete* their insurance programs with Credit Insurance.

American Credit pays when customers can't . . . protects your customers against credit losses caused by floods, strikes, lawsuits, material shortages, Government restrictions, other unpredictable events.

Many banks now insist upon this insurance protection before approving commercial loans. *The bank can be included as a named assured without charge.*

An American Credit Policy can be tailored to your customers' own particular needs . . . insuring all, a specific group, or just one account.

Why **SAFE** credits need protection

This book helps you plan sound credit policy for your customers, gives more facts about American Credit Insurance. For your copy just call our office in your city, or write to AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, Dept. 45, First National Bank Building, Baltimore 2, Md.



J. F. Fadden
PRESIDENT



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

OFFICES IN PRINCIPAL CITIES OF
THE UNITED STATES AND CANADA



G. M. Wallace



D. H. Ebright

(CONTINUED FROM PAGE 18)

not mean that if a chance for a shift comes it should be neglected. What I do mean is that the job should be worked at as zealously as if it were the most precious thing in the world."

DON H. EBRIGHT, State Treasurer of Ohio from 1939 to January 1951, has become a vice-president of the Union Bank of Commerce, Cleveland. Before entering public service Mr. EBRIGHT was with the Ohio National Bank of Columbus and the First National Bank of Akron.

SIDNEY B. CONGDON, president of the National City Bank of Cleveland, announces the promotions of C. R. HOLTON, JR., to vice-president; LESTER H. GORDON and BEN MCENTEE to assistant vice-presidents; and DON S. HELWICK to assistant cashier.

HARRY R. MOORE, vice-president in charge of the savings department of the City National Bank and Trust Company of Chicago, observed his 80th birthday, April 6, by working as usual. Mr. MOORE started his banking career 45 years ago as vice-president of the Prairie National Bank, Chicago. On his anniversary he was guest of General CHARLES G. DAWES, the City's chairman; President PHILIP R. CLARKE, and a group of fellow officers at a luncheon.

O. ERNEST MOORE, manager of the research department of the Federal Reserve Bank of New York, has been granted a year's leave of absence to help the Technical Assistance Administration of the United Nations as financial adviser to the Government of Haiti. THOMAS O. WAAGE has been appointed a manager on the bank's staff, assigned to the public information department. ROBERT V. ROSA is an acting manager in the research department.

(CONTINUED ON PAGE 22)



Ten years of customer acceptance in banks everywhere

Burroughs Commercial Teller's Machine

The Burroughs Deposit Receipt is legible, convenient, and an ideal medium for brief messages advertising bank services. It has become the accepted form of deposit receipt all over the country. Take advantage of the years of experience and customer acceptance behind this receipt and the machine that issues it by installing the Burroughs Commercial Teller's Machine in *your* bank. Call your Burroughs man today and get the facts.



WHEREVER THERE'S BUSINESS THERE'S **Burroughs**



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In less than two decades we have advanced from 557th to 77th place among the nation's 15,000 banks—another indication of Arizona's growing importance in the national economy.

ARIZONA'S STATE-WIDE BANK
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RESOURCES \$268 MILLION
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Deep go the roots!

- Our roots go deep in the knowledge of the needs of bankers who do business in this area... roots extending back over a period of more than 120 years.
- This accumulated understanding of a community, still third largest in the nation and rapidly growing, is yours for the asking.
- If you as a banker, have business problems in connection with your clients in the Philadelphia area—call on the bank whose people have led for generations in serving business and industry here.

**CENTRAL-PENN
 NATIONAL BANK
 OF PHILADELPHIA**

MEMBER FEDERAL DEPOSIT
 INSURANCE CORPORATION

(CONTINUED FROM PAGE 20)

HAROLD L. HELM, president of Chemical Bank & Trust Company, New York, is a new director of Associated Dry Goods Corporation.

Explosion Gives Bank's "Bomb Day" Plan a Workout

THE UNITED STATES NATIONAL BANK of Portland, Oregon, has a "bomb day" rehabilitation program that got an unexpected and highly realistic workout.

The bank's Citizens Branch, in the business district, was badly damaged by a gas explosion in a street main. The blast crumpled basement walls, buckled floors, smashed furniture and blew out most of the windows. Seven employees were injured, two seriously. Safe deposit vaults remained intact.

The explosion, occurring shortly before opening time, sent into action the staff teams that had been trained for a bombing emergency. They gathered up records, checked on cash, and reestablished the branch's operations at the head office, to which Portland radio stations helped direct customers.

Just an hour and a half after the explosion the main office was ready to take care of the branch's customers. And in 48 hours the Citizens was able to resume operations in the part of the building that had escaped damage.

The National Broadcasting Company had just made a television film of the bank's "bomb day" program, which includes safeguarding of records and funds, a line of officer succession and designation of new banking headquarters, and arrangements for housing personnel and families should a bombing occur.

U. S. National Bank of Portland branch after the gas explosion that gave the "bomb day" program a realistic try-out



W. A. Daniel



J. A. Broderick

The First National Bank in Houston has named WILLIAM A. DANIEL a vice-president. He comes to the bank after a 13-year career with the Reconstruction Finance Corporation in Houston, first as an assistant examiner and later as assistant manager of the Houston Loan Agency and chief of the Loan Administration and Loan Application branches, supervising liquidation of the Defense Plant Corporation assets in Houston and its territory.

JOSEPH A. BRODERICK, president of the East River Savings Bank, New York, was honored by the Alumni Association of New York University's School of Commerce, Accounts and Finance. He received the Madden Memorial Award, given annually in memory of the school's late dean, John T. Madden, to alumni for achievement in business, industry or professional life. MR. BRODERICK is a former Superintendent of Banks of New York State and a former member of the university's council.

PAUL P. PULLEN, for 24 years advertising manager of Chicago Title and Trust Company, has retired. He was twice president of Chicago Financial Advertisers and served on committees of the Financial Public Relations Association. For eight

(CONTINUED ON PAGE 25)

Can you afford to play Santa Claus?

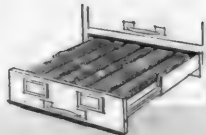
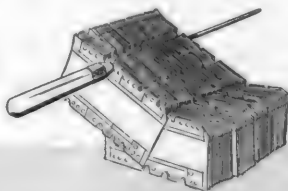
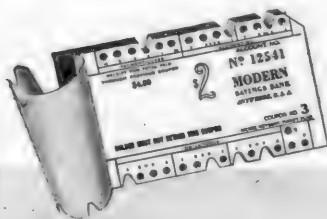
It's all very well to lure new depositors with a Christmas Savings Plan. It's a service that can be a real boost to new business.

But what does your savings plan cost you? What does it cost in clerical and accounting costs, in customer annoyance and loss of good will, in wear and tear on your tellers?

No wonder so many banks are letting McBee Keysort put their savings plans on a good common sense basis. With pre-punched Keysort coupons as deposit slips, a bank needs *no* special tellers, *no* stamp inventory accounting and pasting, *no* pass-book posting. Christmas depositors can go to any teller, needn't wait in long lines. And the tellers are spared bothersome time-consuming details.

More than ten million Americans are now setting their sights for Christmas, making regular deposits in Christmas Savings Plans. Those savings will mount up to over a billion dollars—and, if past experience is any criterion, one-third of that pot will wind up in permanent savings accounts.

Will your bank get its share of additional deposits and new customers from a Christmas Savings Plan? Now's the time to set up a practical, efficient plan for next year. Ask the McBee man near you for the whole story. Or write us.



Just sort count and file!

THE McBEE COMPANY

Sole Manufacturer of Keysort—The Marginally Punched Card
295 Madison Avenue, New York 17, N. Y. Offices in principal cities
The McBee Company, Ltd., 11 Bermondsey Road, Toronto 13, Ontario

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DEALERSHIPS

offer Good Business Opportunities

— and Mortgages on National Homes are Sound Investments!

Many of our dealers have come to us at the suggestion of their local financial institutions.

Some territories are now open for dealerships. Experience in home building is not absolutely essential, but we insist on adequate capital, personal integrity and proven business ability.

If you know of a man who might qualify, write for complete dealership details, or have him write us.

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Send 25c and get the Complete Story about NATIONAL Homes

In order that you may be fully acquainted with the complete story of National Homes, we have prepared a big 64-page "Your National Home Magazine" which will answer every question about our homes and our organization. Get the facts about our production, distribution, and variety of plans and designs.

**National
HOMES**

Corporation • Lafayette, Ind.
EASTERN PLANT • HORSEHEADS, N.Y.

• NATION'S LARGEST PRODUCERS OF PREFABRICATED HOMES •

(CONTINUED FROM PAGE 22)

years he taught the course in trust company operation at Northwestern University. MR. PULLEN will now make his home in Evansville, Wisconsin.

GUY E. REED, executive vice-president of Harris Trust and Savings Bank, Chicago, was elected president of the Chicago Association of Commerce.

HARRY SALINGER, who retired as vice-president of The First National Bank of Chicago in 1948, died April 8 at the age of 68. Mr. SALINGER, former head of the bank's foreign department, was a past president of the Bankers Association for Foreign Trade. He began his career with the First as a messenger in 1901.

The First National Bank of Atlanta announces the election of Miss ETHELEN LASSETER as assistant trust officer. She has been trust auditor since 1940, is a former national president of the American Women's Society of Certified Public Accountants, and was named Atlanta's "Woman of the Year in Business" for 1946. She is also a former president of Atlanta Chapter, American Institute of Banking.

GEORGE MITCHELL has been elected vice-president of the Federal Reserve Bank of Chicago. MR. MITCHELL, as senior economist, was on leave of absence from the bank while serving as Director of Finance of Illinois. He is in charge of the Federal's research department.

The Dime Savings Bank of Brooklyn announces these appointments: Vice president, GEORGE M. MAUGER; comptroller, EVERETT J. LIVESSEY; assistant secretary, ANDREW D. WILSON. Mr. Livesey is an alumnus of The Graduate School of Banking and teaches at New York Chapter, A.I.B.

G. M. Mauger

E. J. Livesey



STRAIGHT AS THE CROW FLIES to TULELAKE or CALEXICO*

Through its California-wide service (yours through one account in Los Angeles or San Francisco) Bank of America gives you direct routing to cities and towns throughout the state. This personalized service preserves the "human touch" in your correspondent relationships as well as providing speed and efficiency in the handling of California transactions.

*The Northernmost and Southernmost California communities served by Bank of America branches. Over 300 other California communities have one or more Bank of America branches.

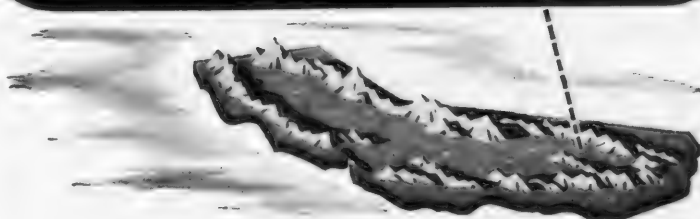
Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION



Bank of America Travelers Cheques
are known the world over.
Sell them to your customers.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



are

YOUR *loans*

needlessly

endangered?

A recent survey conducted by BANKING showed that more than 95% of all banks contacted require prospective borrowers to furnish data regarding their fire and other insurance coverages. BUT, only about 5% check as to whether there are bonds on borrowers' employees.

Yet, businesses strong enough to weather serious fires can be wiped out by a sizable embezzlement. And, today's inflation has made large embezzlements more frequent!

Don't expose your loans to such hazards. Why not make sure that your customers' employees are bonded? Suggest that your borrower call our agent in your community if he lacks this vital protection.

AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

100 Broadway, New York 5, N. Y.

FIDELITY • SURETY • CASUALTY • INLAND MARINE • ACCOUNTANTS LIABILITY



E. S. Chappellear



R. M. Cook

EDGAR S. CHAPPELEAR, a vice-president of Bankers Trust Company of New York, has retired after 40 years with the bank. He has been active in commodities financing and is a member of the advisory committee of the National Cotton Council. Joining the staff in 1911, he was made an auditor in 1921, comptroller in 1923 and a vice-president in 1927.

RANSOM M. COOK has been named a senior vice-president of American Trust Company, San Francisco.

Marine Midland Merger

PLANs were announced recently for merging seven Marine Midland banks in Western New York State. The POWER CITY TRUST COMPANY of Niagara Falls, NIAGARA COUNTY NATIONAL BANK AND TRUST COMPANY of Lockport, THE FIRST TRUST COMPANY of Tonawanda, STATE TRUST COMPANY of North Tonawanda, MARINE MIDLAND TRUST COMPANY of Albion and MEDINA TRUST COMPANY would be consolidated with THE MARINE TRUST COMPANY of Buffalo. The latter's new name will be THE MARINE TRUST COMPANY OF WESTERN NEW YORK.

Management of the banks will remain unchanged. The seven operate 51 offices in 19 communities, and had deposits of about \$485-million on February 28 last.

E. J. GASPARD, for the past two years an examiner in the Louisiana Banking Department, has joined the staff of the Guaranty Bank & Trust Company, Hammond, Louisiana, as auditor. He was previously with New Orleans banks and the FDIC.

ELMER F. SCHAFER, assistant vice president of the Mellon National Bank and Trust Company, Pittsburgh, died March 18. A former president of Pittsburgh Chapter, American Institute of Banking, he was a general vice-chairman of the

(CONTINUED ON PAGE 28)

How EBASCO can help on plans for FINANCING and REFINANCING



When a business is to be expanded, a basic problem is HOW to get adequate capital at minimum cost. The road to the capital market is full of stumbling blocks, the greatest of which are the many procedures and regulations involved in issuing securities.

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NATIONAL**

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member F.D.I.C.

(CONTINUED FROM PAGE 26)

Institute's 1951 national convention at Pittsburgh.

Mrs. JAMES GLEASON is now advertising manager of The Omaha National Bank. She has been in the public relations department and edits the employee magazine.

O. K. EARP, vice-president of Union Planters National Bank & Trust Company of Memphis, was recently made treasurer of the Memphis Community Fund and the Chamber of Commerce.

FORREST W. DENNING and EMERT H. SINK are newly elected vice-presidents of California Bank, Los Angeles. E. R. QUIGLEY was named assistant auditor.

The Fort Worth National Bank has appointed C. J. GUFFEY an assistant cashier. He is president of Fort Worth Chapter, American Institute of Banking.

The Bank of California, San Francisco, announces appointments of WILLIAM H. DEVLIN as assistant cashier. At the Tacoma office, COLEMAN L. ANDERSON and OTIS J. OSTLUND have been named assistant managers and EDWARD S. WALKER assistant trust officer.

H. M. WILKINS, executive vice-president of the First National Bank in Houston, has retired as an active officer but will continue on the board. He started his banking career in Houston 48 years ago and at one time was president of the State National Bank which was merged with the First in 1946.

Manufacturers Trust Company of New York announces the assignment of three vice-presidents to direct the bank's regional activities: South and West sections, EUGENE S. HOOPER; East, M. RAY COFFMAN; Mid-west, RAYMOND A. LOCKWOOD.



Harry Neubert



G. B. Moran

Central Hanover Bank and Trust Company of New York announces the elections of GEORGE B. MORAN and HARRY NEUBERT as vice presidents.

HERMAN F. HAHN, president of Union Bank & Trust Company, Los Angeles, received the first annual community award of the Federation of Jewish Welfare Organizations in recognition of his service over many years, and especially as chairman of the 1950 Community Chest campaign.

Guaranty Trust Company of New York announces appointment of CHARLES L. MILLER as a second vice-president and THOMAS F. COGHLAN as an assistant treasurer.

Elections at the Security-First National Bank of Los Angeles: Vice-presidents, CLEM B. MILLER, ROLAND F. BUSH; auditor, THOMAS G. ROODHOUSE; assistant auditor, JOSEPH K. LEE; assistant vice-presidents, CARL G. NELSON, F. J. DAVIS.

ROBERT E. MACNEAL, president of the Curtis Publishing Company, is now on the board of managers of The Western Saving Fund Society of Philadelphia.

T. ROBERT FARAGHER, formerly vice-president of The Peoples National Bank of Washington, Seattle, has been elected vice-president of The Bank of California, N. A., and assigned to the Tacoma office.

(CONTINUED ON PAGE 30)

E. S. Hooper



M. R. Coffman



R. A. Lockwood



T. R. Faragher





FACTORY

Century Electric Co., St. Louis, Mo. This up-to-date, midwestern factory provides elevator service that matches its modern functional design. One Westinghouse passenger and three freight elevators give cost-cutting, time-saving service.



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BANK

Anglo California National Bank, Oakland Office, Oakland, Calif. Westinghouse Electric Stairways make banking easy at this well-known financial institution—carry customers and employees quickly and smoothly from street to main banking floor.

For years, Westinghouse engineering developments have stimulated the vertical transportation industry to strive for ever higher standards of quality and efficiency. In every phase of vertical transportation—equipment, maintenance, and service—Westinghouse has been the vanguard for progress.

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R. P. MacFadden



T. R. Wilcox

(CONTINUED FROM PAGE 28)

ROBERT P. MACFADDEN and THOMAS R. WILCOX were recently appointed vice presidents at The National City Bank of New York. WALTER W. JEFFERS was named assistant vice-president.

COLONEL WILLIAM G. EDENS, retired Chicago banker, recently received a 65-year membership emblem of the Brotherhood of Railroad Trainmen which he helped organize.

News About Banks

THE CHASE NATIONAL BANK of New York has added four new branches to its operations in the Caribbean during the last few months. The most recent is an office in Santurce, a suburb of San Juan, Puerto Rico. Others are in David, Panama; Vedado, a section of Havana; and Marianao, Cuba.

A special issue of *Landmark*, employee magazine of the LAND TITLE BANK AND TRUST COMPANY, Philadelphia, commemorates the bank's 75th anniversary.

Merger of the NATIONAL SAFETY BANK AND TRUST COMPANY of New York with the CHEMICAL BANK & TRUST COMPANY brings to 18 the total of CHEMICAL'S branches in the city, and it now has deposits of more than \$1,500,000,000.

The FIRST NATIONAL BANK of Erie, Pennsylvania, has taken over the banking and trust business of The National Bank and Trust Company of Erie, which is now in voluntary liquidation.

UNION BANK & TRUST COMPANY of Montgomery, Alabama, celebrated its 50th anniversary on April 1.

The VALLEY NATIONAL BANK of Phoenix, Arizona, has established an industrial division to specialize in industrial procurement and expansion.

The
**PACIFIC
NATIONAL
BANK**
of Seattle

THE PACIFIC NATIONAL BANK
PNB
OF SEATTLE

Difficult days make good correspondent relations more important than ever. For efficient service in the Northwest, call on Pacific National.

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FIELD WAREHOUSING

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Field Warehousing . . . is good banking and good public relations . . . a practical means of adapting your banking service more closely to the needs of the community . . . Warehouse Receipt Loans against raw materials or finished products *stored right on your customers' own premises* enable you, with minimum risk, to give maximum credit service to customers who require accommodation in excess of your open-line limits.

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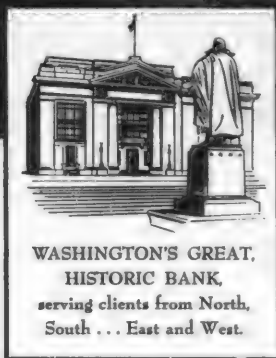
Washington Portrait

... The Lincoln Memorial and the
Arlington Memorial Bridge—symbolic
link between North and South

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One of the municipal management school's classes on a field trip, banker Agnew at far right

A Bank's Way to Better Local Government

KARL DETZER

The author is a writer, editor, and newspaper publisher whose home is in Michigan.

TWENTY-SEVEN members of the municipal management class climbed out of a bus at the edge of a New England city and tramped across muddy fields. Two instructors walked ahead. One was an agile, fast-talking 47-year-old banker named John Agnew, a vice-president of Boston's First National Bank. The other was a superintendent of sewers.

The class halted at a trench where workmen were laying a big pipe. For

an hour the sewer boss lectured and answered questions in straightforward, practical language. When he finished the students knew more than most city officials about the right and wrong ways to build a sewer. Twenty miles farther on the bus stopped again. Here, the class crowded around tabulating machines in the water department of a town hall while an accountant explained the best method of billing taxpayers for municipal services.

This unusual program, The Institute of Municipal Management, is unique in many ways. It is not a duplication of what other colleges

are offering in the academic approach to political theory; rather it attempts to cut through to what makes a city or town tick—including all the everyday problems of management. Here we find an outstanding example of business—in this case, one of the nation's greatest banks—working cooperatively with an educational institution—Northeastern University as the party of the second part—toward better government on the theory that efficient government is good government. In these days of televised exposure of rampant corruption, the Institute offers refreshing evidence of the



WIDE WORLD

The author says, in connection with the disclosures by the Kefauver Committee (pictured above at its New York hearings): "In these days of televised exposure of rampant corruption, the Institute offers refreshing evidence of the soundness of our democratic way, for good government must come up from the bottom"

soundness of our democratic way, for good government must come up from the bottom.

With enrolments including lawyers, engineers, bank employees, minor officials of cities and towns, as well as mayors and state employees (ages up to 57), the class sessions are far from typical of undergraduate instruction. (Three of the 96 in this year's classes are women.) They all have one thing in common: They want to know how to run local communities efficiently, how to squeeze more public service out of every dollar collected in taxes.

Most weekends, busloads of Institute students leave the campus of Northeastern University in Boston for field studies of sewers and highways, public health and sanitation, police and fire departments, welfare, recreation, and taxation. They spend three evenings a week in the classroom, hearing lectures on all phases of municipal administration, including law, finance, assessment, public works, and public relations. The remainder of their nonworking hours is well occupied by homework assignments.

It all got started in an unusual way. As would be expected, it was born out of the stresses of business when, back in the depression days

of the 1930s, Boston's First National found itself holding an uncomfortably large amount of defaulted municipal securities. Scores of municipalities which always had been considered excellent risks had suddenly discovered their coffers empty and no tax money coming in.

How Come?

Why did it happen? That's what glum and alarmed bank officials wanted to know. So they called in a bright young employee who worked in the municipal department—the same John Agnew who now is director of the Institute—and asked him whether he knew. He said he didn't. The president of First National then was Philip Stockton, a typical New England banker, a coldly brilliant financier, sound as teak, who always demanded all the facts before he would hazard a financial opinion. Now he wanted to know how New England's bankrupt communities got that way, and how to prevent them from committing financial suicide.

"Get the facts," he told Mr. Agnew. "I don't care how long it takes. You'll need help. You'll need money. The bank will furnish them." Mr. Agnew devoted a full year to his research. He spent weeks as a vol-

unteer in city and town offices. He delved into the books and records of communities which were always going into the red. He learned about fire engines and fire hose by working in fire departments, about garbage by riding garbage trucks. He found both good and bad business practices in playground and welfare divisions, honest police departments and crooked ones. He discovered towns that taxed citizens honestly but wasted the money they collected. Other towns had huge loopholes in tax structures but know-how in spending the money they did collect. Mr. Agnew learned that cities and towns were poor financial risks chiefly because their officials, usually honest enough, just didn't understand their municipal jobs. Grocers, barbers, salesmen, and undertakers elected to public office found themselves face to face with financial situations too complicated for them to grasp. Councilmen and selectmen, fine fellows with good personalities but no experience in the complexities of big business, suddenly were running departments spending hundreds of thousands of dollars a year.

Two Jobs

He saw that, first, he must teach communities to modernize their municipal structures by separating policy making from administrative functions. Second, he must teach the administrators their jobs.

Community education would require much time and patience. Conservative New England would not give up its traditions, no matter how inefficient they might have become in the modern world. But Mr. Agnew had a powerful talking point: The bank would not lend money to any city or town which insisted on keeping a creaking, outworn municipal framework.

After a year of study, with a small staff of bank employees helping, Mr. Agnew had spent \$100,000 of the bank's money, but he knew the answers to many of the questions about financing New England municipalities.

"Now, teach what you've learned to other members of our staff," his bosses said. Thus the bank started classes merely to teach some of its employees the pitfalls for which to watch in dealing with cities and towns, and to make sure that First National employees themselves could distinguish between good and bad

community risks. Then, in pamphlets and news letters he bombarded civic leaders with facts. Cities and towns, finding the bank's doors closed against them until they improved their business methods, began to cast off outgrown forms and outworn ideas. Many of them rewrote their charters to include the reforms Mr. Agnew was preaching. Then, turning to the bank, they demanded, "Now, you find someone capable of running our public business."

No Place To Stop

"Our problem grows," Mr. Agnew told astonished bank officials. "Now we are going to have to train city managers, assessors, police chiefs, treasurers, budget directors, water superintendents. New England communities are depending on us. Let's open our classes to any qualified person who wants to learn how to run the business of a city or town. It will greatly benefit the bank."

A school didn't seem a proper part of the banking business. "Why not send future city managers and department heads to some institution which specializes in these subjects?" they countered.

"Because there isn't any such school," Mr. Agnew replied. "Lots of them teach the philosophy of government, the theory of government, the history of government. Engineering schools teach city engineering and accounting departments teach city accounting. But none of them teaches a man how to take off his coat, roll up his sleeves and run a town, how to manage water, welfare, health, police, and assessing departments most efficiently for the least money. It's up to us to teach managers how to find a community's needs and the cost of those needs, and how to evaluate a community's ability to pay."

First National gave him the green light.

Ten years of operating informal classes at the bank convinced Mr. Agnew that the spread of his philosophy of sound government could be better assured if he were to work cooperatively with an established educational institution and hold his classes in regular classrooms providing all the necessary facilities.

It is natural that he turned to a young but aggressive university which had won its spurs by establishing a close working relationship

with the business and industry of New England—an institution which has reached out in search of the needs of its community and has developed educational programs to serve those needs. It is an institution without a single sprig of New England ivy, but one whose buildings of severe New England architecture are crowded with eager young people working day and night to acquire practical knowledge. Mr. Agnew's objectives fitted in exactly with Dean Albert E. Everett's educational philosophy. An immediate partnership was formed. So his "unacademic" faculty comprising lawyers, certified accountants, town managers, bank officials, legislators, and public officials, along with blueprints and slide rules, were housed in Northeastern's bright new facilities. Everyone was extremely happy.

Mr. Agnew's work through the First National has created a clearinghouse for good local government for all New England. He constantly gets calls from civic leaders in half a dozen states seeking advice, asking help on specific municipal problems, hunting the right man to fill a vacancy on a city staff.

In 14 years, 325 have completed courses of instruction. Sixty-seven of the graduates now are city or town managers; 200 others head departments of public works, accounting, police and fire, purchasing, recreation, sanitation, and welfare. The bank is happy to help. It is happy, too, to lend money to the

communities managed by its graduates. It knows they will not try to float loans until they have made sure of their ability to repay them. Other banks have begun to call on First National for advice on municipal problems and Mr. Agnew always gives it freely.

"Why not?" he says. "All banks are looking for sound cities and towns in which to invest. We're all in the same boat. We must help one another find sound investments in sound communities."

Experience, Ability Count

Admission to the Institute is not based upon a rigid set of academic requirements. Previous experience, native abilities and fundamental interest in city government are more important than formal education. However, most of the students are college graduates. Right now, one of the students is a small town fire chief who wants to become a big city safety director.

"They are screened pretty carefully," Mr. Agnew admits. "I always remember that they aspire to places of serious public responsibility. So those with logical minds and cool heads are chosen, those not likely to get excited and go off half-cocked."

The faculty members are practical men in their own fields. Mr. Agnew himself teaches municipal finance and assists on other courses. Former Governor Robert Bradford of Massachusetts holds classes in state and

(CONTINUED ON PAGE 125)

A classroom scene in Boston. Mr. Agnew sits at the corner of the desk, facing the camera





The illustrations and copy inside this folder have the theme: "Is Your Freedom Protected?" The pledge form on the back runs as follows:

To back up OUR men and women in uniform by helping to keep AMERICA financially strong . . . I do hereby PLEDGE to buy EXTRA DEFENSE BOND(S) totaling \$ (in addition to any Bonds I now am buying). I will make the purchase at:

(please indicate—Name of bank and address, post office or branch, or other issuing agent)

THIS PLEDGE is MY answer to my Nation's call for support in this national emergency.

Name Address

Phone

City Zone State

This pledge which you have just signed will be turned over to your State Director for Defense Bonds. It is not in itself an authorization for an extra bond. The surest way for you to make good your promise to your newspaper carrier is for you to go to your nearest bank or post office. These institutions sell Defense Bonds as a community and patriotic service throughout the year. You may also authorize your employer to increase your payroll savings allotment to provide for the Defense Bond you have pledged to buy.

★ ★

GIVE THIS PLEDGE TO YOUR NEWSPAPER CARRIER

★ ★

EXTRA!

Newsboys to Sell Defense Bonds to Millions of Bank Customers

MILLIONS of bank customers will be asked by their newspaperboys during the week of May 14 to pledge the purchase of an extra United States Defense Bond at their banks.

Upwards of a quarter of a million youngsters, ranging between the ages of 13 and 16, will engage in this extraordinary sales campaign.

More than 500 daily newspapers, including the most important in the nation, are participating. Organizers of the pledge drive are the United States Savings Bonds Division and the International Circulation Managers' Association, which for 10 years has been active in promoting bond sales.

Here's how the Newspaperboy Defense Bond Campaign will work in your locality:

Your daily newspaper's circulation manager will stimulate his carrier boys to leave a Treasury-furnished four-page leaflet, the back of which is a pledge form. The boys, each wearing a 2-inch button labeled "Official Defense Agent," will call back on the day they collect for their papers and pick up the pledges. State directors of the Savings Bonds Division are working out various methods of following up pledges, all of which will be directed toward the banks of newspaper subscribers.

The leaflets are built around the patriotic theme of the home front backing up the nation's fighting men by buying bonds to keep America strong financially. The front page displays an illustration of Uncle Sam with his arm around a newspaperboy. The caption reads: "Defense is everybody's job. What will you do?"

As Howard W. Stodghill, director of the *Philadelphia Evening Bulletin*, chairman of ICMA's Newspaper Boy Committee and chairman of the Newspaper Circulation Managers' Advisory Committee to the Treasury

Department, and his committee rolled up commitments from newspapers to participate, the Defense Department entered the picture dramatically. General George C. Marshall, Secretary of Defense, offered to serve as host to the top bond salesmen among the newspapers on June 21 and 22. Each cooperating newspaper in the pledge drive will be permitted to send one boy to Washington to be housed and fed at Fort Myer, toured by the defense forces around the nation's capital, and finally given the honor of an introduction by Secretary of the Treasury John W. Snyder to President Truman at the White House. Transportation costs for each boy to and from his home will be paid by his newspaper, but all expenses in Washington will be shared by Treasury, Defense and Savings Bonds volunteers.

SPECIAL newspaperboy bond salesman tools include:

(a) Special promotion kit, including matted cartoons, suggested promotion ideas, testimonial salutes by outstanding Americans who were former newspaperboys, and other publicity materials.

(b) Fifteen-minute special transcription featuring Bing Crosby and Bob Hope, former newspaperboys.

(c) Half-minute announcements, recorded by outstanding public personalities.

(d) Television slides, showing the pledge card.

(e) Publicity kit, containing suggested statement and fillers to help build up the advance publicity.

(f) Follow-up kit, including materials which will help build the needed publicity after the newspaperboys have picked up the pledges.

(g) Special ads in mat form. These ads are designed also to build interest in advance of the visits of

(CONTINUED ON PAGE 106)



The Personnel Committee of the Country Bank Operations Commission, meeting in Wichita, Kansas, in April. *Left to right: Donald T. Lawler, president, Crookston National Bank, Crookston, Minnesota; L. M. Schwartz, author of the article below, who is executive vice-president, Citizens State Bank, Paola, Kansas; J. C. Welman, president, Bank of Kennett, Kennett, Missouri, chairman of the committee; P. A. Warner, executive vice-president, Knox County Savings Bank, Mount Vernon, Ohio; W. M. Willy, president, Security Bank and Trust Company, Madison, South Dakota; George B. Ward, assistant director, Customer and Personnel Relations, American Bankers Association; and W. W. Campbell, chairman, A.B.A. Agricultural Commission, and president, National Bank of Eastern Arkansas, Forrest City*

FRINGE BENEFITS	Bank (EMPLOYER)
WORK WEEK	
PAID HOLIDAYS (NUMBER PER YEAR)	
PAID VACATIONS (LENGTH—AFTER WHAT PERIOD)	
PAID REST PERIODS (FREQUENCY—TIME)	
OVERTIME AND/OR SHIFT PREMIUMS	
GROUP LIFE INSURANCE (COMPANY OR EMPLOYEE PAID)	
HOSPITALIZATION (COMPANY OR EMPLOYEE PAID)	
MEDICAL AND/OR SURGICAL INSURANCE (COMPANY OR EMPLOYEE PAID)	
PENSIONS (COMPANY OR EMPLOYEE PAID)	
SICK LEAVE (BASIS—NUMBER OF DAYS)	
BONUS (BASIS—RATE)	
RAISE POLICY	
OTHER	
UNUSUAL WORKING CONDITIONS (DESIRABLE OR UNDESIRABLE)	

Making an Area Salary Survey

L. M. SCHWARTZ

The author is executive vice-president, Citizens State Bank, Paola, Kansas, and is a member of the American Bankers Association's Country Bank Operations Commission. He is a member of the Commission's Committees on Audit Program (chairman), Cost Analysis and Service Charges, and Personnel. The latter group is shown in the photo above.

HAVE you recently made a survey of salaries being paid clerical workers in your area? If you haven't maybe your employees are making one for you.

While our bank has never attempted to set a pattern for our community, it has been our policy through the years to pay good wages for value received. Since mid-1950 there have been so many wage increases publicized in the daily papers that we decided to make a thorough investigation to determine our position.

About four months ago we installed the salary pro-

(CONTINUED ON PAGE 108)

Preliminary draft of "Form 2—Fringe Benefits Comparison Form (Benefits Applicable to Salaried Employees)," which, after revision, will appear in the A.B.A. booklet, *How To Make an Area Salary Survey*. Form 1, referred to by the author, is in two parts—one showing the standard job title, job grade, weekly salary minimum, average and maximum and years to reach maximum. The left-hand column lists major duties, and successive columns to the right show, the percent of time spent by various individuals on each duty listed. The second is for direct comparison purposes and has columns headed "employer," "job title," "job grade," "number of employees on job," "salary (min., avg., max.)," and "years to reach maximum"

Politburo, c/o Kremlin, Moscow

Gentlemen:

We assume your attention has been called to the progress report, "Building America's Might," by Defense Mobilizer Wilson. This document must, of course, strengthen the admiration which your Mr. Stalin once expressed for this country's ability to produce.

We'd like to supplement Mr. Wilson's resume with a few broad and unofficial observations on an unspectacular aspect of America's preparations to defend freedom - the bank's contributions. They're essential, we believe, to a full appreciation of the accomplishments Mr. Stalin so graciously praised, and perhaps envied.

Frankly, the banker's part is not glamorous. He wears no uniform, makes few speeches, foregoes flag-waving, and can't operate the big machines that turn out tanks and B-36s. But he's working just the same - and hard!

What does he do? Well, remember that little matter of Lend-Lease . . . the planes and the guns that turned back the Germans at Stalingrad? Now, that highly utilitarian service was made possible in no small measure by what we called the V-Loan Program, whereby American banks lent money to war contractors. We dropped the plan in 1945, but (and this information isn't top secret) it's being reactivated. Once more the vast resources of American banks are behind the grim business of preparedness.

We realize that in your "best of all possible worlds" inflation is just a bit of capitalistic jargon; but to us it means upsetting the economic applecart - and wouldn't you like to see that happen! Sorry, boys, but we're planning to disappoint you. To make sure that credit will not contribute to inflationary pressures, the banks, by voluntary action (note that adjective) are undertaking to refrain from lending for nonproductive purposes. In 1948 the banks carried on a similar effort that was credited by many - including President Truman - with having performed a sound, constructive service for our economy. What we've done once we can do again.

In this country the bankers are financial counselors to millions of people - people with savings, investments, insurance, real estate. As advisor, the banker these days is urging the public to fight inflation by avoiding unwise spending and competition for goods, and to practice the precepts of Poor Richard, perhaps the thriftiest person who ever laid by a dollar or a ruble.

Even in the U.S.S.R., gentlemen, the national coffers need replenishment. In the U.S.A. one of the Treasury's best providers is the banking system. Some of the money comes from the banks, but a substantial part is obtained from the sale of small bonds to the American people. Banks are star salesmen for these securities.

Thus far there's plenty to eat over here, thank goodness. If things get more critical, however, we may see something like the old "Food for Freedom" program which the banks helped finance. And if consumer goods run short and rationing returns - well, "ration banking" (that's coupon clearance and accounting) may be back, too.

Putting it all into the well-known nutshell, the bigger our economy gets, the harder our banks must work because there's greater need for credit, more checks to exchange, more people with larger incomes needing more bank services. And the bigger our Armed Forces get, the more financial facilities banks must provide to help them and their families.

Well, gentlemen, there, highly compressed, is the story of banking in a mobilizing free economy over here. If you want to publish it over there, we'll waive the copyright!

Proudly yours,

BANKING

Here's What We Mean

RIGHT: Teller Nell Gibson and Sgt. Jim C. Woodall at the Sheppard Air Force Base branch of the First National Bank of Wichita Falls, Texas



E. Ross Anderson (*left*) of Anderson-Nichols & Company, industrial engineers, Edward L. Bigelow, president of the State Street Trust Company of Boston, and Assistant Vice-president Walter E. Dow, Jr., looking over the latest U. S. contract awards and one of the resulting plant expansion projects. This bank is one of the "cooperative outlets" for the Department of Commerce, where copies of all procurement information are available for consultation by small business organizations and others interested in obtaining subcontracts. The State Street Trust Company is thus assisting the war production program throughout New England, as well as many of the clients of Mr. Anderson's engineering firm



LEFT: Lt. George M. Parker (*left*) is the first depositor at the reopening of the Indiantown Gap banking facility of the First National Bank of Lebanon, Pennsylvania. Mrs. Pauline Fox is the teller. Looking on are Eugene J. Arnold, branch manager, and Col. Thomas J. Wells, acting commander of the military reservation

Part of a clipping from the *New York Times* of March 29

E BOND PUBLICITY URGED BY BANKERS

Informational Program for
Financial Personnel Held
Need in Extension Plan

An immediate informational program among all bank personnel to insure full understanding of the new "automatic extension" of the Treasury's Series E bonds was called for yesterday by the American Bankers Association. The extension plan, enacted into law this week, specifies that bondholders may retain their maturing E bonds for an additional ten years.

Bankers have an important informational job in cooperating with the Treasury to assist their customers and the general public, James E. Shelton, president of the A. B. A., declared in a letter to clearing house groups throughout the country. Mr. Shelton

\$50,000,000 Worth of New Employees Yearly

As business mobilizes for defense, manpower (and womanpower) may become a more and more scarce item. The lesson: Conserve it! The annual turnover in banking is estimated as high as 100,000 a year, with a minimum break-in cost of \$500 to \$600 each. This turnover, expensive in money and operational efficiency, is a prime concern of personnel administration, which should seek, especially under today's conditions, to lessen the rate by preventing resignations that create vacancies.

For a new employee, a bad beginning may make an early ending—and there's the vacancy to be filled all

WELCOME!—



Explain to new employees what the bank is and how it serves the community. Explain employee benefits. Treat newcomers like guests until they're psychologically ready to become members of the family



Explain to them what their department does, and how the individual's job fits into the department's work. See that new employees understand what they're doing, and why they're doing it



Assign some one to introduce new employees, at least in their own departments. Get their names and photographs into the house organ—right away. Make it easy for them to enter into employee activities. This way, they'll achieve much more quickly the necessary and desirable sense of "belonging"



Schedule a follow-up interview to check on new employees' progress, to make sure they're properly assigned, and to give them a chance to get complaints or dissatisfaction off their minds before such feelings become deeply rooted and cause more resignations. Show that the bank is sincerely interested in them

over again. But a good start, with proper orientation, will reduce turnover of either skilled or unskilled workers. On page 40 is one right way to do it. Below we show how **not** to do it.

By DICK ERICSON

BR-R-R-R!



DON'T do it this way: Tell new employees the bank is a dignified financial institution and they'd better be careful how they behave themselves



In explaining their duties, tell them to put the blue ones here, the pink ones there and initial the yellow. Tell them to get busy. No personal conversation



If they want to make friends with other employees, that's their business—except on bank time. If there are any employee activities, they'll find out soon enough without your bothering to tell them



If new employees are unhappy about their jobs or associates, that's just too bad. After all, your problem was solved when they filled your vacancies—and chances are they'll create some more for you

DICK ERICSON

Japan's Fight Against Inflation

How the "Dodge Plan" Has Worked

JEROME B. COHEN

MR. COHEN is acting chief of the South Asia Branch, Office of Intelligence Research, U. S. Department of State. He is now on leave from his position as assistant professor of Economics, School of Business, College of the City of New York.

During the war he was a Japanese language officer in U. S. Naval Intelligence. In 1945 and 1946 he was a member of the Strategic Bombing Survey in Japan, and later, in 1949, was there as a member of the tax mission. He is the author of Japan's Economy in War and Reconstruction, published by the University of Minnesota Press, and of articles on the Japanese economy in various publications.

ECONOMIC policy in Japan has, for the past two years, been guided by Joseph M. Dodge, president of The Detroit Bank and former president of the American Bankers Association. As a result of his program, the Japanese budget has been balanced for the first time in two decades, government spending has been curtailed, taxes reduced, subsidies cut, many controls abandoned, private bank lending largely substituted for government credit, the inflationary price spiral halted, and public debt substantially reduced. How has this fiscal miracle been accomplished in so short a time and what have been the consequences?

Before Mr. Dodge first went to Japan in February of 1949, the Japanese budget had not been balanced since 1930. To get out of the Great Depression which reached its lowest point in 1931, the then Finance Minister Takahashi, who has often been called the Japanese Keynes because he was one of the first to resort to deficit financing, deliberately unbalanced the budget to try and give an inflationary fillip to the

economy. He felt he had succeeded so well by 1936, after five years of deficit budgets, that, with the economy humming, the time had come to return to orthodox finance. No sooner had he announced this intention than he was assassinated by the militarists bent on even more expansion and determined to dip more heavily into the public till. In the ensuing years the mounting deficit, which expanded a hundredfold, made Takahashi's pump priming look as modest as the U. S. public debt of 1936. The military budget, which was 29 percent of total expenditures in 1931, rose to 65 percent in 1940 and to 85 percent in 1945.

The pent-up inflationary pressures which the continuing budget deficits generated were kept reasonably in check during the active war period, 1937-1945, by a whole hierarchy of controls, which regimented the Japanese industrialists to the point that they no longer even tried to think for themselves but left all their problems at the doorstep of the government. The government told them what to produce, what to buy, what to sell and to whom, how much they could borrow and from whom; it guaranteed profits, underwrote losses, etc. With the collapse of governmental authority attendant upon loss of the war and surrender, the inflationary pressures broke loose and, in the ensuing first three years of the Occupation, prices rose to 200 times the prewar level.

The Beginning in Japan

To aid in devising ways and means of controlling this situation, Mr. Dodge, who had done very useful work along the same lines in Germany, was asked to go to Japan, with the rank of Minister, and assist in bringing order out of the fiscal chaos then prevailing. Some weeks

before his departure, a joint U. S. State and Army Department directive entitled "Program to Achieve Economic Stabilization To Be Carried Out by the Japanese Government," the so-called "Nine-Point Economic Stabilization Program" of December 1948, was issued. This directive ordered the Japanese Government to balance the budget, stop tax evasion, halt the wage-price spiral, restrict credit, tighten foreign trade and foreign exchange controls (which was understood to mean the establishment of a single exchange rate, though this was not announced publicly), to improve allocation procedures, maximize exports, etc.

Mr. Dodge was first in Japan from February through April of 1949, again in the late fall of the same year, and he has just recently returned from his third visit.

"Dodge Plan": Two Aims

Broadly speaking, Mr. Dodge had two main aims: (1) to restore to private operation an economy which had been highly dependent upon the state; and (2) to bring Japan's international economy up to a self-supporting level, so that without U. S. aid, which up to the present has cost U. S. taxpayers approximately \$2-billion, exports could be maximized to pay for essential imports. To reestablish private enterprise within Japan, and to achieve economic self-sufficiency internationally, were the double objectives of what is now called the "Dodge Line," or the "Dodge Plan," in Japan.

To achieve the former, the profitability of enterprise was to be renewed by halting the price spiral, lowering costs, inducing rationalization, lessening dependence on government subsidies, shifting the finances of enterprise from the government to the banking structure

and the capital market. The latter aim was to be attained by setting a single exchange rate, thereby letting world market price realities play upon Japanese costs; by holding down domestic consumption and prices in order to increase the competitive power of Japanese goods in foreign markets, and by revising the allocation procedure to "center" production in fewer firms and thereby reduce unit costs of production.

Balanced Budget First

The first essential step was to attempt to end the inflation by balancing the budget. Not only were both the 1949/50 and 1950/51 budgets balanced for the first time in two decades, by sharply slashing government subsidies, by reducing the government bureaucracy, by raising government-owned railroad and communication rates, etc., but, as Mr. Dodge's critics in Japan have repeatedly stated, the budgets were "superbalanced." By this is meant that each provided for a large amount of debt retirement, and since in Japan debt retirement tends quickly to bring bank notes from circulation back to the Central Bank, Mr. Dodge was accused of bringing on deflation by his "superbalanced" budgets. In FY 1949/50 net debt retirement was actually a modest 75-billion yen, though originally a larger amount was scheduled. In fiscal year 1950/51, 120-billion yen of debt retirement was planned.

Critics have pointed out that at this rate the entire Japanese debt will be retired in three or four years and they have pressed particularly for a relaxation of the debt retirement features of the Dodge plan. The proposed 1951/52 budget (Japanese fiscal year begins April 1) with which Mr. Dodge was concerned on his third visit, is again lower than the previous year's and allows a tax reduction of 70-billion yen.

The domestic financial aspects of U. S. aid to Japan were made explicit and public for the first time by establishing a counterpart fund. Under this arrangement, the dollar value of the goods—wheat, rice, raw cotton, fertilizer, etc.—which the U. S. gives to Japan each year, is paid in yen by the Japanese Government into a fund which is then used both for investment purposes to rehabilitate Japanese industry and for debt retirement.

To force the transfer of the func-

tion of extending credit to business from the government to the banking system, the flow of credit was halted from the government's Reconstruction Finance Bank. This bank had been established in 1947 and, since its inception, had been making loans to industry to cover operating deficits brought on by the inflation. Thus one of the main vehicles of postwar credit expansion in Japan was eliminated. In addition a credit policy board for the Central Bank was established to regulate more effectively the flow of funds. (See "Special Characteristics of Long-Term Financial Market in Japan," in "Survey of Japanese Finance and Industry," Industrial Bank of Japan, Vol. 1, No. 1, Tokyo, June 1949, p. 5.)

Weird Exchange System

The weird complex multiple exchange rate system which had been ingeniously devised to insulate Japanese export producers, with their constantly rising costs of production, from the pressures of competitive world prices, was replaced by a single exchange rate at 360 yen to the dollar. Thus excessive Japanese production costs would be forced down and brought into line with international realities.

To hold final selling prices down, even though costs were high and mounting, the government had

been paying various essential industries the difference between the legal selling prices which it was trying to enforce and the inflated costs. These subsidies, of course, helped greatly to unbalance the budget, added to the deficits and contributed to inflation. To bring the economy "down off its stilts," to force previously subsidized industries to reduce costs, subsidies were cut sharply. Furthermore, to strengthen this process of bringing production costs into line, Mr. Dodge urged and secured a "centering of production" by revised allocation procedure.

Stock Exchange Open

Finally, the stock exchanges in the leading cities were reopened to provide a broader market for securities and thereby stimulate private investment. It was hoped that a flow of funds from private hoards could be started to replace in part the flow of government funds which were being cut off.

What has happened to the Japanese economy since Mr. Dodge first took hold two years ago? So abruptly was the inflationary spiral halted by his orthodox financial prescription that a great debate raged in Japan, until events in Korea turned attention outward. Had Mr. Dodge brought "disinflation" or "deflation"? Had he stabilized the econ-

(CONTINUED ON PAGE 150)

Mr. Dodge with Hisato Ichimada, Governor of the Bank of Japan



METHODS and IDEAS

*Service Charge Record . . . Average Balance Card . . . Clinics for Businessmen
 . . . Savings Account Analysis . . . A Counterfeit Spotter . . . Ads That Fight
 Inflation . . . Public Relations Activities*

This department is edited by
JOHN L. COOLEY of **BANKING'S** staff.

Two Useful Forms

THE CHITTENDEN COUNTY TRUST COMPANY of Burlington, Vermont, passes along to BANKING's readers some notes about its *average balance card* for smaller banks and a *service charge record card*. Both were originated by Comptroller M. A. Kuhn and are pictured on this page.

The average balance record is designed to give the bank's officers a means of keeping posted on the condition of the more important accounts.

"Balances," explains Mr. Kuhn, "are recorded only to the nearest \$100 on the 20th day of each month, thereby giving an adequate comparison for all practical purposes. Covering as it does a period of seven years, the card shows at a glance the general value of the account."

"Month to month variations are quickly apparent and investigation as to the reason for changes can be instituted. Balances being gradually depleted can be readily detected.

"These cards can be posted quickly with pen and ink by the bookkeep-

ing department, making it unnecessary for the file to be unavailable to the officers except for a few hours a month."

The service charge record card is used for figuring these charges and for keeping a record of account activity from month to month.

"It provides," notes Mr. Kuhn, "a space for special instructions and for memorandum of affiliated accounts that have to be considered."

"The clerk figuring the charge has a record of the activity for the previous month and can investigate any unusual changes. This makes it possible to detect errors caused by faulty check count or miscalculations in figuring.

"These cards are invaluable when used to discuss the charge with a customer. Complete information is available immediately to answer letters or telephone inquiries; also, explanations are much easier when the record can be shown to a customer."

Bank Man Develops Proof Tape Winder

A NEW electric proof tape winder eliminates tedious work in the transit department of the FIRST NATIONAL BANK in Palm Beach, Florida.



Operating the proof tape winder

Arthur Chantos, the bank's maintenance engineer, developed the device as a means of saving the time of proof department employees who manually wrapped or folded the long listings of checks from their machines. The winder is compact and light, with finger control and variable speeds. It rolls the tape as rapidly as 10 feet a second for filing.

Mr. Chantos is applying for a patent.

Bank Starts Clinics for Businessmen

THE MANUFACTURERS NATIONAL
BANK of Troy, New York, held a

Left, the Burlington bank's average balance card; right, the service charge record

BALANCE ON 30th OF EACH MONTH TO NEAREST \$100.							
	1948	1949	1950	1951	1952	1953	1954
JAN.							
FEB.							
MAR.							
APR.							
MAY							
JUNE							
JULY							
AUG.							
SEPT.							
OCT.							
NOV.							
DEC.							
AVG.							

AFFILIATED ACCOUNTS OR SPECIAL INSTRUCTIONS

	NOV.	DEC.	JAN.	FEB.	MAR.	APRIL
AGGREGATE LEDGER BALANCE						
BULK RAIL AVAILABLE FOR SALE						
CHECKS PAID @ \$1						
CHECKS DEPOSITED @ .25						
MAINTENANCE	\$0	\$0	\$0	\$0	\$0	\$0
OTHER EXPENSES						
	</					

businessman's tax clinic which was so successful that similar meetings on such subjects as merchandising and pricing under OPS regulations are being planned.

Vice-president Harold M. J. Lewis tells **BANKING** that the idea popped up while some of the officers were wondering if there weren't "new ways in which we as a bank could bring to the business people of the community something unusual in addition to the routine banking facilities that one finds readily accepted.

"As a result of our thinking along this line, we decided to invite the businessmen of Troy to attend a tax panel."

The first step was to send a letter of invitation to 50 representative business people.

"We have always subscribed to the saying that 'Nothing is sure in life except death and taxes,'" it said. "In the case of taxes it takes part of the time of an accountant and a tax lawyer, and all of your time, to keep abreast of developments." In an effort to be helpful the bank had asked a well-known tax consultant, an authoritative tax lawyer, and an experienced businessman, to be members of a panel to discuss "Tax Problems of a Businessman." The letter then gave the date and place (the bank's community room) of the meeting and extended a cordial invitation to attend.

Mr. Lewis telephoned each businessman thus invited. The letter was also published as a newspaper advertisement.

"The panel members," reports Mr. Lewis, "thought that if we had an attendance of 30 on this first tryout, they would be pleased. We actually had 65 people present at the session. It was a grand success."

Harold J. Marshall, executive vice-president of the Manufacturers, was moderator, and other bank officers were present to aid the panel members.

The audience asked questions about such matters as corporation taxes, joint ownership of property, problems in the tax program, and individual income taxes.

The clinic, in a sense, was an outgrowth of the bank's Women's Financial Forum. The "outstanding success" of that project, Mr. Lewis says, "played no little part in our having the courage to tackle this latest venture."

Bank's Gadget Spots Counterfeits

CENTRAL NATIONAL BANK of Chicago has developed a slide-rule chart for catching counterfeit \$5, \$10, \$20 and \$50 bills.

Called the Tel-A-Phony, the device detects bogus bills by pointing up their check letters, Federal Reserve bank letters, and their front and back plate numbers. A new card is published whenever a new series of counterfeits is reported by the United States Secret Service.

The chart is furnished to retailers who are customers of the bank, with a kit that includes a display card and decalcomania warning of the protection.

The bank advises customers to follow the practice, used by tellers, of counting their money green side up, because the greens on currently circulated counterfeits are not true. It suggests that suspicious bills be checked against the chart.

The slide rule device used on Tel-A-Phony is not patented, but a trade mark has been issued covering use of the name.

Batter Up!

CENTRAL NATIONAL BANK of Cleveland, in cooperation with the Cleveland Indians, has started a Baseball Savings Club for boys and girls through high school age.

Each member gets a passbook containing 20 \$1 coupons. If 10 deposits are made before June 30 he or she receives a free ticket to that



Don't worry, dear... everybody's looking at the new Irving Trust building!

Open today... we hope to become a pleasure feature of the Rockefeller Center neighborhood in the coming months... to our own citizens very, of course. New that our handsome new building is completed, we have moved up from 11th Street. Pay us a visit, won't you. First chance you get... we'll be staying open after regular banking hours every day this week. If the weather's bad, use our special underground entrance from the Rockefeller Center Courtyard.

IRVING TRUST COMPANY
60 WALL STREET - AT ROCKEFELLER PLAZA
MEMBER FEDERAL RESERVE BANK

On a recent weekend Irving Trust Company of New York moved its Rockefeller Center branch to a new building three blocks away. The transfer was announced in this newspaper ad. A brochure, "Ever Move a Bank?" also told the story in cartoons and described the new, modern quarters

day's Cleveland-Detroit game. When 10 more payments are credited the saver gets a ticket to a game on August 30. After 20 deposits the account may be transferred to a regular savings account, or withdrawn.

On enrolling members get a certificate, badge, plastic bank, and an

(CONTINUED ON PAGE 140)

Two young Clevelanders are signed as members of the Baseball Savings Club by Central National Bank's president, Loring L. Gelbach. Watching are their teacher and Hank Greenberg, general manager of the Indians



This is a second playlet by Jay Sanders of Columbia University. Last month's production-to-be-staged was concerned with getting new customers. This one gives some hints on how to keep old ones. Playlets such as these are excellent material for bank meeting programs

How to Rile an Old Friend

A Short Play

CAST: *Speaker, or narrator.*

Mr. Johnson, a bank customer.

Bank teller.

Mr. Slocum, a bank officer.

SCENE: *The interior of a bank. Something to represent a teller's cage stage right. Desk and two chairs stage right. As scene opens, teller is behind window. Slocum is seated behind desk, Johnson is off stage left, and the speaker is standing down stage right. He stands there throughout.*

PROPS: *Something to represent bank book and papers carried in by Johnson.*

SPEAKER: Being able to get along with the public is one of the most important factors in successful banking. In the drama you are about to see, there are five basic errors in this respect. By basic I mean that they are all based on fundamental facts . . . facts of which every member of a bank staff should be well aware. *(Pause)* Our drama takes place in the City Bank of Anytown, U.S.A., and it is concerned with one of the bank's good customers, Mr. R. B. Johnson, a citizen of Anytown. As the curtain rises, Mr. Johnson is entering the bank.

Johnson enters from left. Goes over to teller's window.

TELLER *(pleasant smile, cheerful manner)*: Good morning sir, may I help you?

JOHNSON: Yes. I want to make a deposit. *(He passes over bank book and checks.)*

TELLER *(taking items)*: Yes sir.

JOHNSON *(as teller is making transaction)*: I need some advice about some real estate I own. Can you tell me whom I might see about it?

TELLER *(looking up, a little confused)*: Real estate? Why, I don't know sir. I think there's a real estate office just down the street. They might be able to help you.

JOHNSON: Oh. I thought you had a real estate department here in the bank.

TELLER: No sir. Not that I know of. *(Hands back book.)*

JOHNSON: That's funny. I thought . . . oh, thank you. *(Takes book.)* Where would I find Mr. Slocum?

TELLER: That's Mr. Slocum seated at that desk. *(Nods toward officer seated at desk to left.)*

JOHNSON: Thank you. *(Walks over to desk.)*

SLOCUM *(rising to greet him)*: Good morning, Mr. Johnson. I see you got my message.

JOHNSON: Good morning. Yes, I did. What did you want to see me about.

SLOCUM: Have a seat, won't you? *(They both sit down.)* I understand you're planning to buy a new car.

JOHNSON: That's right.

SLOCUM: And that you're planning to buy it through the finance company.

JOHNSON: Yes, I am.

SLOCUM: That's what I wanted to talk to you about. Why don't you finance it through the bank?

JOHNSON: Why should I?

SLOCUM: Well, there are lots of advantages to doing business through a bank.

JOHNSON: What are they? I wouldn't save money. The rates are the same, aren't they?

SLOCUM: Well, yes, they are.

JOHNSON: I certainly wouldn't save time. I'd have forms to fill out whether I do it there or here.

SLOCUM: But there are other advantages. You probably didn't know that you'll have to buy insurance, and that the dealer will require you to buy it through him. If you deal through the bank you can buy your insurance anywhere you please.

JOHNSON *(a bit testily)*: As a matter of fact, I did know about that. And I see nothing wrong with the insurance the dealer offers.

SLOCUM: You aren't being very loyal, Mr. Johnson. Your bank is a local institution. As a citizen of this town, you should support your local institutions.

JOHNSON: The White Motor Company is also a local institution. It's been here as long as the bank has. No, I can't see any advantage to dealing through the bank. Thanks for your interest. Good day, sir. *(He leaves.)*

SPEAKER: Now, let's turn time back a few minutes, and have Mr. Johnson enter the bank over again.

Johnson (enters stage left and goes to teller's window).

TELLER *(as before)*: Good morning, sir, may I help you?

SPEAKER: STOP! *(Teller and Johnson remain motionless.)* I introduced Mr. Johnson as a "good customer" of the bank. As such, the teller should have known



his name and greeted him with it. **FUNDAMENTAL FACT NUMBER ONE:** Every person is important to himself, and he likes you to recognize it. Now, the second error.

JOHNSON: I need some advice about some real estate I own. Can you tell me whom I should see about it?

TELLER: Real estate? Why, I don't know, sir.

SPEAKER: STOP! Our teller obviously doesn't know whether his bank has a real estate department or not. **FUNDAMENTAL FACT NUMBER TWO:** Know your bank; know its policies, its departments, and its services.

TELLER: That's Mr. Slocum seated at that desk. (*Nods toward bank officer seated at desk stage left*).

JOHNSON: Thank you. (*Walks over to desk.*)

SPEAKER: STOP! Our teller should be taking this opportunity to find out whether or not his bank has a real estate department. If it has, he is letting a good lead for new business slip past. **FUNDAMENTAL FACT NUMBER THREE:** In dealing with the public, new leads for business present themselves every day. Recognize them.

JOHNSON (*seated*): Why should I finance my car purchase through the bank?

SLOCUM: Well, there are lots of advantages to doing business through a bank.

SPEAKER: STOP! Bank officer Slocum will never close a deal by hemming and hawing around and finally coming up with weak, spur-of-the-moment arguments. And he certainly won't help the prestige of the bank. **FUNDAMENTAL FACT NUMBER FOUR:** Prepare your arguments ahead of time, and present them clearly and correctly.

JOHNSON: What are the advantages? I wouldn't save time or money.

SLOCUM: There are other advantages. You probably didn't know . . .

SPEAKER (*interrupting*): STOP! The customer is not necessarily always right. However, he should be given the benefit of the doubt as to his intelligence. **FUNDAMENTAL FACT NUMBER FIVE:** Assuming a condescending air of superior intelligence is not a recommended technique for successful banking. To recapitulate: *One*, every person is important to himself, and he likes you to recognize it; *two*, know your bank, its policies, departments, and its services; *three*, in dealing with the public, leads for new business present themselves every day and you must recognize them; *four*, prepare your arguments ahead of time and present them clearly and correctly, without wasting your customer's time; *five*, assuming a condescending air of superior intelligence is not a recommended technique for successful banking.

CURTAIN

1. Recognize every person's importance to himself.
2. Know your bank's departments, policies, services.
3. Take advantage of every new business lead.
4. Prepare selling points in advance.
5. Avoid a condescending air of superior intelligence.

1



2



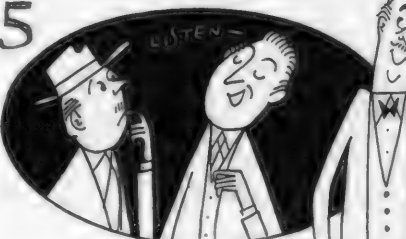
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Don't



LAWRENCE STAFFORD

Mr. Stafford says that Mobilization Director Wilson (above left with General Marshall) displays a keen interest in credit control. "He has interested himself in consumer instalment loans and mortgage financing, and has played a part in reaching decisions and formulating thinking respecting commercial bank lending generally"

WILLIAM MCCHESENEY MARTIN, JR., became new chairman of the Federal Reserve Board, succeeding Thomas B. McCabe, when the latter resigned after announcing the "agreement" between the Treasury and the Board.

The new FRB chairman began his career by going to work in the bank examination department of the Federal Reserve Bank of St. Louis upon his graduation from Yale University. His father, president of the St. Louis Reserve bank, objected to young Martin's working in the same institution. So Mr. Martin joined the statistical department of a St. Louis brokerage and investment banking firm.

He became a partner in the firm in 1931, went to New York, and by 1935 had become a governor of the New York Stock Exchange. In 1938, he became chairman of the Exchange's board and later president. In the latter capacity he greatly facilitated adjustments in relations between the Stock Exchange and the Securities & Exchange Commission.

In 1941 Mr. Martin was drafted into the Army, rising to the rank of colonel. He served in various capacities, including an executive position on the Munitions Assignment Board.

He left the Army in October 1945 and, in November of the same year, was picked by President Truman for the job of chairman of the Export-Import Bank. In 1946 he became president as well as chairman of that agency.

As head of the E-I Bank, Mr. Martin established the policy that the board should make strictly businesslike loans to encourage the export of U. S. merchandise. He took, however, no narrow interpretation of this objective, encouraging loans which built up the economic capacities of borrowers even if every dollar did not directly promote an export.

On the other hand, Mr. Martin objected strenuously to making the E-I Bank an agency for international political loans. He did not conceive of the bank as an institution for furthering transitory political aims of the Administration. He insisted that reconstruction loans as such were the business of the World Bank. As a result of Mr. Martin's firmness, he was immensely popular with Congress and could almost "write his own ticket" in legislation.

Curiously enough, several members of Congress feel that since Mr. Martin's departure, the E-I Bank has failed to hew to such a line, and

there are demands for a congressional study of the bank's operations. Such a study is projected, but has been delayed indefinitely because of the press of other legislative business.

Mr. Martin's second "draft" came from the Treasury. Secretary John Snyder in early 1946 offered him the job of assistant secretary in charge of international finance, a job paying less and carrying less official rank, because Mr. Snyder needed a skilled and seasoned man for that job. While carrying less prestige, the job as turned out by Mr. Martin was literally front rank.

It was Mr. Martin who handled the enormous job of preparing for the momentous international monetary conference of September 1949. It was coincident with this conference that the leading nations of Europe revalued their currencies and ushered in a period of greater exchange stability than has prevailed in many a year.

His Monetary Views

When Mr. Martin was called before the Banking Committee of the Senate for a hearing on his confirmation, he was subjected to the most pointed and direct questioning as to his views on the relationships which should prevail between the Federal Reserve Board and the Treasury.

Incidentally, he was confirmed for the Reserve Board membership without opposition, although Senator Paul H. Douglas (D., Ill.) voted

"present." Senator Douglas advocates, with several other Senators, legislation which would presumably guarantee the independence of the Reserve System's judgment in matters of interest rates and open market operations in the event of a conflict with Treasury views.

Mr. Martin told the committee it is his view that the Reserve was intended to be "independent and not responsible directly to the Executive branch of the Government, but should be accountable to the Congress."

He suggested that the Reserve should act as a trustee. "I like to think of a trustee relationship to see that the Treasury does not engage in the natural temptation to depreciate the currency or engage in practices that would harm the general welfare," he said.

Two Agencies as Partners

He also said that there was a sort of partnership nature in the relationship of the two agencies.

"The relationship here, I think, particularly in the period in which we are operating, is one where the Treasury and the Federal Reserve must be partners in promoting the welfare of the Government securities market, which makes it possible for the Government to finance its opera-

If you want the text—

(1) Of the order setting up regional voluntary credit restraint committees, including the names of the personnel thereon, write to the Board of Governors, Federal Reserve System, Washington 25, D. C.

(2) The remarks of William McChesney Martin, Jr., before the Senate Banking and Currency Committee on the occasion of the hearing on his nomination for the Reserve Board, write to the Senate Banking and Currency Committee, U. S. Senate, Washington, D. C.

(3) The text of the April 1 letter of Charles E. Wilson, Director of Defense Mobilization, to Commerce Secretary Sawyer, endorsing the voluntary credit program and urging industry to adopt a parallel program, write to the Director of Defense Mobilization, Executive Office of the President, Washington 25, D. C.

(4) The announcement that a subcommittee under the chairmanship of Rep. Patman will study monetary problems, write to the Congressional Joint Committee on the Economic Report, U. S. Senate Office Building, Washington D. C.

tions and to conduct sound financing," he explained.

The Treasury, he told the Banking Committee, should never completely dominate the Federal Reserve. He was asked by Senator Douglas what he would do in case of serious trouble in the bond market, with the Treasury demanding Federal Reserve support, a support which would cause inflation.

"I can only answer that by saying it would depend upon the conditions

at that particular time," he responded.

Another phase of the partnership, explained Mr. Martin, was that "Both wish to reduce monetization of the debt as far as possible."

In the event the Executive branch of the Government tried to force its will upon the Federal Reserve, he said, "I would fight it to the *nth* degree if I were absolutely sure that I was correct.

"But the point I want to make is that I think you should be extremely careful, particularly in the period we are now in, about being independent with respect to your judgment *per se*, because we are all working within the framework of the objectives of the Employment Act of 1946. We all have a concept of stability."

At another point Mr. Martin explained that, while the Reserve is a partner of the Treasury, "it is not in politics. It should come to the Congress, to this committee, if it feels strongly about something, but I should never, as chairman of the Federal Reserve Board, go to the people with an issue."

Interest Rates

He declared that "I have never held and I don't believe Secretary Snyder has ever held that the cost of servicing the debt is a paramount issue." On the other hand, he stated:

"I don't want to give the impression that I am a man who favors high interest rates; quite the contrary. I believe that over a long period of time capitalism will do bet-

(CONTINUED ON PAGE 128)

The dismissal of General MacArthur was regarded by the communist press as a victory. Below, the General receiving the Japanese surrender in 1945 aboard the Missouri



WIDE WORLD



HARRIS & EWING

President Auriol of France addressing the Pan American ministers in Washington

HERBERT BRATTER

WASHINGTON

THIS being the country which builds the better mousetraps, or at least the most mousetraps, the world continues to beat a path to Washington. Recent eminent visitors have been headed by the President of France on a visit of state, and other important ministers and emissaries from all Latin America.

President Vincent Auriol, a man of evident sincerity and fervor, assured the National Press Club and the Congress (in French) of France's determination to fight against aggression. Accompanying President Auriol on his American visit was Foreign Minister Robert Schuman, who in his platform presence and press conference skill has all the earmarks of a perfect diplomat. The father of the Schuman Plan assured reporters that France's large communist community constitutes no unmanageable political danger.

FRENCH VIEWPOINT

This was President Auriol's second visit to this country. As a much younger man he came here as an expert on the French mission to negotiate settlement of the so-called "war debts" of World War I. In Sec-

retary of the Treasury Snyder's private dining room in the Treasury Building, one of the silver plaques in a long mahogany table commemorates that series of negotiations. For the French President the National Press Club this time set the table with roast beef—by far the best luncheon the club has tendered such a gathering. M. Auriol described the economic problems France has inherited from two great wars and the efforts it has made to strengthen itself again. As to ERP, he expressed "profound gratitude" in the name of a land with 2-million more souls than in 1938 and with "a constant rise in birthrate."

Possibly President Truman had such increments in mind when he gave his blessing to a movement to make ERP permanent.

HEMISPHERE IN A HALL

President Truman and Secretary of State Acheson were on hand with welcoming addresses for the approximately 3,500 Latin Americans and others who almost filled Constitution Hall on the occasion of the formal opening of the "Fourth Meeting of Consultation of Ministers of Foreign Affairs of American States." A rigid timetable was prepared in advance. We quote: "4.25 P.M. Following ap-

plause, President Truman returns to the rostrum..." However, we do not imply that there was a claque.

At 4.27 the gathering heard an address in Portuguese by Brazil's Foreign Minister. For those who could not understand all the hemisphere languages, the State Department furnished interpretation with earphone-equipped wireless receiving sets. (At the meeting's end only six had disappeared, which cost the department a mere \$600. Unfortunately such sets are now hard to come by at any price.)

At 4.45 the playing of the Star Spangled Banner marked the session's end, while a group of a dozen guests who apparently had not read the program filed through the respectfully standing audience to the nearest exit.

UNSCHEDULED FEATURE

An unscheduled event that surprised the program drafters and in fact the whole State Department occurred when Mr. Truman, carried away with the vision of Point IV, impulsively laid down his carefully drafted speech and using both hands to gesture fervidly—American style—*ad libbed* to cite a discussion he had had with Chile's president about diverting water from the Andean

lakes, "for making a garden on the coast of South America . . . for Chile and Peru and in return giving Bolivia a seaport on the Pacific." Several Bolivians in the throng applauded.

Next day the State Department was reported seeking to smooth ruffled feelings up and down South America's spinal column. By then the meetings of the foreign ministers had been transferred back to the less ample quarters of the Pan American Union building, from whose roof startled observers in the U. S. Department of Interior across the street saw an American flag flying upside down, the signal for distress.

STRATEGIC MATERIALS

Strategy of the Latin Americans at the conference centered on the U.S. need for strategic materials. Those Latin America can produce may be had at a price. Incidentally, the Chase National Bank of New York distributed to the mission chiefs, delegates and press representatives copies of its current issue of "Latin-American Business Highlights," containing an article on such materials.

With emphasis on economics, the conference had an opportunity to hear Defense Mobilizer Wilson plead emphasis on "safety for us all." Mr. Wilson, however, seemed unprepared for the barrage of pleadings for special economic consideration of the Latin republics.

With an eye on finance a large group of leading delegates went to lunch with William McChesney Martin, then just about to leave the Treasury. And for politics sake the foreign ministers climbed Capitol Hill where they were dined—but not wine—by Vice-president Barkley. Secretary Acheson was there, too. Hatless, he arrived with two companions. One was our ambassador to a South American country, the other a Secret Service man. But which was which there was no way of telling.

"FREE DOLLARS"

Nothing could be less surprising nowadays than Britain's request that the U.S. supply a couple of hundred million "free dollars"—dollars which the UK Government could spend anywhere in the world. The dollars also, of course, would be a free gift cheerfully accepted. Now the request has been turned down by

the State Department on the grounds that Britain's gold and dollar reserves are still growing.

But the foreign-aid policies of the past few years have made it clear that we accept the obligation to make up the "dollar shortage" of Britain and other countries whenever it recurs. Indeed there is a large school of thought in this country, not confined to Washington, which feels that our financial help to the rest of the world should no longer be hampered by terminal dates but should be a built-in permanent feature of our annual budget.

Wartime lend-lease was the firehose we lent our neighbors (including Russia) to put out the Axis fire. Nowadays the fire is poverty, friend of the commies. Poverty is persistent. It is everywhere. It is never extinct. So our task is now perpetual, goes the argument.

MORE OF THE SAME

Doomed from the start to a four-year life, the ECA staff while celebrating their third organizational birthday at a gala hotel meeting in Washington found themselves drinking from the fountain of youth. The operators of the "program to end all foreign-aid programs"—as the Marshall Plan was once advertised—received word from President Truman that he will recommend that ECA be perpetuated "on a continuing basis." A promising future thus opens before the infant which has been mothering European and Asiatic people these three years.

ECA has been given a military dress. Aid will be given for its national defense contribution to the recipients. . . Austria will need increased ECA aid in 1951-52, we have been notified. . . Greek road contractors have stolen several hundred thousand ECA dollars, the Washington *Evening Star* reports. . . Belgium has attached ECA funds to settle a debt long owed the Société Commerciale de Belgique by Greek railroads. . . Tanks used against us in Korea have been made in Germany with ECA finance, it is charged.

ON CONTAINING COMMIES

The Foreign Policy Association has published a report on U.S. Far Eastern policy which concludes that American help in reforming the economies of Asiatic countries can have the unwanted effect of stimu-

lating communist seizure of power. Under the Truman Doctrine, the report states, the U.S. has been trying to raise the living standards in Asiatic lands by pouring in aid from the top.

"In many instances, however, the U.S. could feel no real assurance—because of lack of confidence in the government through which it necessarily had to act—that the purpose . . . would be fulfilled in reasonable proportion to the amount of aid given. In other words, . . . internal political and governmental reform and possibly outside supervision needed to be instituted to insure the effectiveness of economic aid."

But, the report continues, such reforms would weaken the powers of those in the government and play into the hands of the opposition, including the communists. This leads to the conclusion that only military power can contain communism.

Russia. Republican Representative Charles J. Kersten of Wisconsin authors a resolution to help the peoples of the USSR liberate themselves from their communist enslavement. The resolution contains five typed pages of "whereases." Well, good luck, Mr. Kersten.

Chile. President Gonzalez' speech knuckle-rapping the World Bank for not coming across faster must have produced results. A few days later, after conferring with Gonzalez, World Bank chief Eugene Black was reported in the press (UP) to have withdrawn all previous objections to a \$22-million loan. Mr. Black announced this change of mind to the UN's ECOSOC, then meeting in Chile.

New Aide. W. A. B. Iliff, a former UK Treasury official, has been named assistant to the president of the World Bank. He'll be a good man to see if you have business with President Black or Vice-president Garner, and don't know the right door.

Lend-Lease. Moscow, refusing to settle, says we don't need those ships back, anyhow. Wonder what FDR would think of that.

POINT IV

Point IV has become a permanent feature of the Washington skyline. Export-Import Bank Chairman Herbert Gaston has said a number of times that Point IV is a statement

(CONTINUED ON PAGE 145)



Members of the Savings Banks' Railroad Investment Committee of Connecticut, whose work is described in the following article by Mr. Nims. Left to right: Robert H. Whitney, first vice-president and treasurer, Bridgeport-City Trust Company, Bridgeport; Carl G. Freese, president and treasurer, Connecticut Savings Bank, New Haven; Chairman Kent T. Healy, Professor of Transportation, Department of Economics, Yale University; Secretary Charles J. Lyon, president and treasurer, Society for Savings, Hartford; Philip S. Davison, president, Mechanics & Farmers Savings Bank, Bridgeport; and Allerton C. Hickmott, vice-president, Connecticut General Life Insurance Company, Hartford

A Weather Eye on Rail Bonds

Connecticut's Committee Method of Determining "Legality" of Savings Bank Investments

THOMAS L. NIMS

MR. NIMS is assistant secretary of the Savings and Mortgage Division of the American Bankers Association. He was formerly a savings bank officer in Connecticut, and was one of the original members of the Savings Banks' Railroad Investment Committee by appointment, in 1945, of the then governor, Raymond E. Baldwin.

FOR many years the problem of suitable legislation for the selection of "legal" investments for savings banks has been a perplexing one. In some states savings banks may purchase bank stock equities under specified conditions, while in other states it would not be permitted. Sound public utility bonds are sometimes suddenly removed as eligible investments because of a change in the parent company's ratio of bonded debt to capital stock, which was part of the formula written into the law governing legality. Frequently an issue of rail-

road bonds, having an excellent prior lien status, is removed from the list of "legals" along with junior liens and debentures of the same railroad system because "times fixed charges earned" have failed to meet the prescribed legality formula.

But the state of Connecticut has done something to correct this situation, and its experience of the last several years indicates excellent results. The plan works, and works well, in the selection of railroad bonds as legal investments. It may prove to be the solution for determining all eligible securities for savings bank investments in the future.

Railroad bonds which are legal for savings banks and the savings departments of state banks and trust companies in Connecticut are selected by committee deliberation, and not by a formula of law. Flexibility is thus achieved, and a constant current appraisal of the basic factors affecting investment values assures safety. Bonds are added to

the list or removed from the list of eligible investments after careful scrutiny of all important factors by a railroad bond committee. Each year the entire list of previously declared eligible bond issues is reappraised in the light of current conditions. If found satisfactory they are reaffirmed for eligibility, and after they are certified to the bank commissioner, they became legal.

The committee consists of six members, appointed on a rotating basis for 3-year terms by the governor of the state. The committee operates as a completely independent agency, and is free of any political influence. The governor's appointments are made solely from nominations submitted as follows: one from nominations made by the bank commissioner, one from nominations made by the executive committee of the Connecticut Bankers Association, two from nominations made by the executive committee of the Sav-

(CONTINUED ON PAGE 120)

Railroad Bonds

Certified as eligible investments for savings banks and the savings departments of state banks and trust companies in the State of Connecticut (March 15, 1951)

Alabama Great Southern Railroad Company	
First, Series A	3½s, Nov. 1, 1967
Equipment Trusts	2 issues
Albany & Susquehanna Railroad Company	
General	4½s, July 1, 1975
First Consolidated Extended	2½s, Apr. 1, 1971
Atchison, Topeka & Santa Fe Railway Company	
General Gold	4s, Oct. 1, 1995
Equipment Trusts	3 issues
Atlanta, Knoxville & Northern Railway	
First Consolidated Gold	4s, Mar. 1, 2002
Atlantic Coast Line Railroad Company	
Equipment Trusts	3 issues out of 4
Baltimore & Ohio Railroad Company	
Equipment Trusts	11 issues out of 18
Bessemer & Lake Erie Railroad Company	
Equipment Trusts	2 issues
Cambria & Indiana Railroad Company	
Equipment Trusts	1 issue
Carolina, Clinchfield & Ohio Railway	
First, Series A	4s, Sept. 1, 1965
Central Pacific Railroad Company	
First and Refunding, Series A	4½, 3½s, Aug. 1, 1974
First and Refunding, Series B	3½s, Feb. 1, 1968
Chattanooga Station Company	
First	4s, Jan. 1, 1957
Chesapeake & Ohio Railway Company	
Richmond and Alleghany Division, First	4s, Jan. 1, 1989
Richmond and Alleghany Division, Second	4s, Jan. 1, 1989
General Gold	4½s, Mar. 1, 1992
Refunding and Improvement, Series D	3½s, May 1, 1996
Refunding and Improvement, Series E	3½s, Aug. 1, 1996
Refunding and Improvement, Series G	1.25 to 2.90s, Serially to Feb. 1, 1966
Refunding and Improvement, Series H	3½s, Serially to Dec. 1, 1973
Equipment Trusts	37 issues out of 41
Chicago & Erie Railroad Company	
First Gold	5s, May 1, 1982
Chicago & North Western Railway Company	
Equipment Trusts	11 issues out of 14
Chicago, Burlington & Quincy Railroad Company	
General	4s, Mar. 1, 1958
First and Refunding, Series B	4½s, Feb. 1, 1977
First and Refunding	3½s, Aug. 1, 1985
First and Refunding	2½s, Aug. 1, 1970
First and Refunding, Series 1990	3s, Feb. 1, 1990
Equipment Trusts	5 issues
Chicago, Milwaukee, St. Paul & Pacific Railroad Company	
Equipment Trusts	21 issues
Chicago, Rock Island & Pacific Railroad Company	
First, Series A	2½s, Jan. 1, 1980
Equipment Trusts	8 issues
Chicago Union Station Company	
First, Series F	3½s, July 1, 1963
First, Series G	2½s, July 1, 1963
Cincinnati, New Orleans & Texas Pacific Railway Company	
Equipment Trusts	3 issues
Cincinnati Union Terminal Company	
First, Series E	3½s, Feb. 1, 1969
First, Series F	2.6s, Mar. 1, 1971
First, Series G	2½s, Aug. 1, 1974
Cleveland & Pittsburgh Railroad Company	
General and Refunding, Series C	3s, Oct. 1, 1974
Clinchfield Railroad Company	
Equipment Trusts	3 issues
Columbus & Toledo Railroad	
First Consolidated	4s, Aug. 1, 1955
Connecting Railway Company	
First Gold	3½s, Mar. 1, 1976
Dayton Union Railway Company	
General, Series B	3½s, Dec. 1, 1965
Delaware & Hudson Railroad Corporation	
Equipment Trusts	1 issue
Delaware, Lackawanna & Western Railroad Company	
Equipment Trusts	3 issues out of 7
Denver & Rio Grande Western Railroad Company	
Equipment Trusts	10 issues out of 11
Detroit & Toledo Shore Line Railroad Company	
First	4s, Jan. 1, 1953
Duluth, Missabe & Iron Range Railway Company	
First	1.15 to 2.50s, Serially to Oct. 1, 1962
East Tennessee, Virginia & Georgia Railway	
Consolidated	5s, Nov. 1, 1956
Elgin, Joliet & Eastern Railway Company	
First	3½s, Mar. 1, 1970
Equipment Trusts	2 issues
Erie Railroad Company	
Ohio Division, First	3½s, Sept. 1, 1971
Equipment Trusts	12 issues
Great Northern Railway	
General, Series B	5½s, Jan. 1, 1962
General, Series C	5s, Jan. 1, 1973
General, Series D	4½s, July 1, 1976
General, Series N	3½s, Jan. 1, 1990
General, Series O	3½s, Jan. 1, 2000
General, Series P	2½s, Jan. 1, 1982
General, Series Q	2½s, Jan. 1, 2010
General, Series R	2½s, Jan. 1, 1961
Equipment Trusts	3 issues

Harlem River and Portchester Railroad Company	
First Gold	4s, May 1, 1954
Hocking Valley Railway Company	
First Consolidated	4½s, July 1, 1999
Illinois Central Railroad Company	
Dollar obligations only:	
Louisville Div. & Term. First Gold	3½s, July 1, 1953
St. Louis Div. & Term. First Gold	3s & 3½s, July 1, 1951
Equipment Trusts	9 issues out of 15
Indianapolis Union Railway Company	
Refunding and Improvement, Series C	2½s, June 1, 1986
Jacksonville Terminal Company	
First, Series A	3½s, Dec. 1, 1977
Joplin Union Depot Company	
First	3s, Serially to May 1, 1955
Kansas City Southern Railway Company	
First, Series A	4s, Oct. 1, 1975
First, Series B	3½s, June 1, 1968
Equipment Trusts	4 issues out of 5
Kansas City Terminal Railroad Company	
First	1½ to 4s, Serially to Oct. 1, 1974
Kentucky & Indiana Terminal Railroad Company	
First (Guaranteed)	4½s, Jan. 1, 1961
Kentucky Central Railway	
First Gold	4s, July 1, 1987
Lexington & Eastern Railway	
First Gold	5s, Apr. 1, 1965
Little Miami Railroad	
General, Series A	4s, Nov. 1, 1962
Louisville & Nashville Railroad Company	
Atlanta, Knoxville and Cincinnati Division, Gold	4s, May 1, 1955
Southeast and St. Louis Division, Second Gold	3s, Mar. 1, 1980
First and Refunding, Series F	3½s, Apr. 1, 2003
First and Refunding, Series G	2½s, Apr. 1, 2003
First and Refunding, Series H	3½s, Apr. 1, 2003
Equipment Trusts	4 issues
Louisville & Nashville Terminal Company	
First Gold	4s, Dec. 1, 1952
Memphis Union Station Company	
First Gold	5s, Nov. 1, 1969
Missouri Pacific Railroad Company	
Equipment Trusts	1 issue out of 11
Monongahela Railroad Company	
First, Series B	3½s, Feb. 1, 1966
Nashville, Chattanooga & St. Louis Railway	
Equipment Trusts	4 issues out of 5
Naugatuck Railroad Company	
First Gold	4s, May 1, 1954
New York Central Railroad Company	
Equipment Trusts	13 issues out of 21
New York, Chicago & St. Louis Railroad Company	
Refunding, Series E	3½s, June 1, 1980
Refunding, Series F	3s, Apr. 1, 1986
Equipment Trusts	15 issues
New York Connecting Railroad Company	
First, Series B	2½s, Oct. 1, 1975
New York, New Haven & Hartford Railroad Company	
Equipment Trusts	8 issues out of 12
New York Short Line Railroad	
First	4s, Feb. 1, 1957
Norfolk & Western Railway Company	
First Consolidated	4s, Oct. 1, 1996
Norfolk Terminal Railway Company	
First	4s, May 1, 1961
Northern Central Railway Company	
General and Refunding	4½s, Mar. 1, 1974
General and Refunding	5s, Mar. 1, 1974
Northern Pacific Railway Company	
Equipment Trusts	8 issues out of 11
Oregon-Washington Railroad & Navigation Company	
Refunding, Series A	3s, Oct. 1, 1960
Paducah & Illinois Railroad Company	
First Sinking Fund	4½s, July 1, 1955
Pennsylvania, Ohio & Detroit Railroad Company	
First and Refunding, Series E	2½s, Oct. 1, 1975
Pennsylvania Railroad Company	
Consolidated Gold	4½s, Aug. 1, 1960
Equipment Trusts	26 issues out of 28
Pere Marquette Railway Company	
First	3½s, Mar. 1, 1980
Equipment Trusts	6 issues
Philadelphia & Reading Terminal Railroad Company	
First (Guaranteed)	3½s, Mar. 1, 1966
Pittsburg, Bessemer & Lake Erie Railroad	
First	2½s, Dec. 1, 1996
Pittsburgh & Lake Erie Railroad Company	
Equipment Trusts	2 issues
Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company	
Consolidated, Series F	4s, Dec. 1, 1953
Consolidated, Series G	4s, Nov. 1, 1957
Consolidated, Series H	4s, Feb. 1, 1963
Consolidated, Series I	4½s, Aug. 1, 1963
Consolidated, Series J	4½s, May 1, 1964
Pittsburgh, Youngstown & Ashabula Railway Company	
First General Gold, Series B	5s, Feb. 1, 1962
First General Gold, Series C	5s, June 1, 1974
First General Gold, Series D	4½s, June 1, 1977
Reading Company	
First and Refunding	3½s, May 1, 1995
Equipment Trusts	5 issues
Rensselaer & Saratoga Railroad Company	
First	4s, Apr. 1, 1961
Richmond, Fredericksburg & Potomac Railroad Company	
Equipment Trusts	1 issue
Richmond Terminal Railway Company	
First	3½s, Sept. 1, 1965

(CONTINUED ON PAGE 122)

Congratulations!—by Letter

WILLIAM H. BUTTERFIELD

Mr. Butterfield, who is executive director of the University of Illinois Foundation, is the author of Effective Personal Letters, Bank Letters: How to Use Them in Public Relations, and a number of other books on letter writing.

DAVIS New Chamber of Commerce President . . .
Dr. R. H. Jordan Heads State Medical Group . . .
Warren Becomes Member of Local Law Firm. . .
Jamison Honored for Work on Hospital Drive . . .
Kingston Elected President of Rotary Club. . . These are typical of the headlines that appear each day in newspapers all over the nation. Each tells a story of individual recognition—a story of community service, civic honor, or professional achievement.

Some of the names that make local news, probably many of them, are the names of men and women you know. Some of them are customers of your bank; others are potential customers. All are persons whose goodwill is important to your organization, for no bank can have too many friends.

These daily news stories of individual achievement provide a fine opportunity for congratulatory notes—one of the most effective avenues of public relations. Yet, surprisingly few banks recognize the value of this medium and make the most of it. In fact, the insurance companies appear to be the only professional group now utilizing this type of goodwill letter with any degree of consistency.

FIVE REASONS WHY YOUR CONGRATULATORY NOTE IS A GOOD PUBLIC RELATIONS MEDIUM:

- (1) Your letter is unexpected. It comes as a pleasant surprise to the reader, and it makes a lasting impression.
- (2) Your message deals with the most interesting of all subjects to your reader—himself. You are sure of getting and holding his attention. He will read your note carefully, perhaps more than once.
- (3) Your note is personal in tone and content. Its goodwill building potential is far greater than that of a promotional or sales letter.
- (4) Your letter is obviously an individual message, not a form letter. This is a compliment to your reader.
- (5) Your letter confirms the reader's sense of accomplishment. It has a strong appeal to his personal pride.

Although banks are becoming more and more public-relations minded, only a small percentage of them are using congratulatory letters to personalize their contacts with customers. This simple, economical medium adds a valuable "human touch" to bank public relations. It does much to counteract the common criticism that banks are cold, impersonal institutions with little interest in their customers as individuals.

Your local newspaper is a constant source of "leads" for the writing of congratulatory notes. These brief messages require very little time, and they pay lasting dividends in terms of customer goodwill. Are you utilizing this low-cost medium as part of your public relations program?

Here is a selection of congratulatory notes appropriate for use by banking institutions. The 15 sample letters cover a variety of occasions that arise frequently in both large and small communities.

Letters Dealing with Business or Professional Honors

Dear Mr. Roberts:

Congratulations on the splendid honor conferred upon you by your associates in the field of direct-mail advertising. Your election as president of the American Mail Advertising Association is a fine tribute to your standing in the profession.

The Exchange National Bank has a genuine interest in the achievements of Topekans, and we wish you a highly successful term of office.

Sincerely yours,

* * *

Dear Mr. Williams:

We read with much interest the announcement in this morning's paper that you will head the Virginia Bar Association during the coming year.

Hearty congratulations from all of us at the Dominion National Bank. It gives us a feeling of genuine pride when a Norfolkian receives such a high honor.

Sincerely yours,

* * *

Dear Mr. Leonard:

Just a note to send you our congratulations on your election as vice-president of the Southern Association of School Administrators.

This is a professional recognition of the highest order, and one which you well deserve.

Sincerely yours,

* * *

Dear Mr. Parker:

All of us in this community can be proud that an Omahan has been elected president of the Midwest Association of Credit Men.

Hearty congratulations from all of us at the Merchants National Bank. If we can cooperate with you

in any way during your term of office, please give us an opportunity to do so.

Sincerely yours,

* * *

Letters Dealing with Community Service

Dear John:

I read in last night's paper that you have completed your term as president of the Garfield Chamber of Commerce.

The other officers of the bank join me in this expression of warm congratulations on a job well done. Under your leadership the Chamber of Commerce has done a great deal to bring new business enterprises to Garfield and to make it a better city in which to live. We feel that every citizen of this community owes you a debt of gratitude.

Sincerely,

* * *

Dear Mr. Hutchinson:

I was delighted to read in this morning's *News* that you have been voted Danville's "Man of the Year." Through your untiring work on the Civic Center Fund, the YMCA drive, the City Park Board, and other community projects, you have certainly earned this high honor.

In congratulating you upon your fine record of service to this community, I speak for the entire personnel of the bank. It is gratifying to see public recognition come to a man who so well deserves it.

Sincerely yours,

* * *

Dear Mrs. Carter:

I read with regret the item in last night's paper about your retirement from the Springfield Board of Education.

During the 12 years you have served as a member of the board, you have contributed a great deal to the progress of the Springfield schools. I want to write you this note of sincere congratulations on the fine service you have rendered this community.

Cordially yours,

FIVE WAYS TO MAKE YOUR LETTER OF CONGRATULATIONS BUILD GOODWILL:

- (1) *Write it promptly; don't put it off. Timeliness is important, both in making your note effective and in making it easy to write.*
- (2) *Make your message brief. Unless the circumstances are unusual, a note ranging from 50 to 85 words will make a more favorable impression than a full page of type.*
- (3) *Use a conversational style. A congratulatory note calls for easy informality, not stiff pomposity. Write as you would speak to your reader if he were sitting across the desk from you.*
- (4) *Be enthusiastic. Make your letter sound as though you thoroughly enjoyed writing it.*
- (5) *Confine yourself to the expression of congratulations and good wishes. If your message carries any suggestion of promotional effort, its value as a goodwill builder will be lost.*

Dear Mr. Harris:

I was happy to learn this morning that the Madison Hospital fund campaign has exceeded its goal.

This fine accomplishment is due in large part to your tireless work as chairman of the fund committee. You deserve the gratitude of every member of this community.

The other officers of the bank join me in sending you most sincere congratulations upon a job well done. You have performed a service that will mean a great deal to Madison in the years to come.

Cordially,

(CONTINUED ON PAGE 104)

Effects of Cheap Postage

"THE complete letter writer," said Walter Bagehot about a century ago, "is now an unknown animal." The famous banker, economist and literary critic also ruefully pointed out that "The correspondence of the nineteenth century is like a series of telegrams with amplified headings. There is not more than one idea; and that idea comes soon, and is soon over."

These gloomy views of one of England's most famous businessmen—and letter writers—are included in an article, "The Complete Letter-Writer," in the January 1951 issue of *The South African Bankers' Journal*.

The author of the article, signed "R. W.," also gives Banker Bagehot's reasoning as to the cause of letter

writing's decline. It was, he believed, the result of the "penny post."

"In the last century," said Mr. Bagehot, "cultivated people who sat down to write a letter took pains to have something to say, and took pains to say it. The postage was perhaps ninepence; and it would be impudent to make a correspondent pay ninepence for nothing." Then Rowland Hill's proposal for a uniform penny post in Great Britain was adopted in 1840. "Sir Rowland," said Mr. Bagehot, "is entitled to the credit, not only of introducing stamps, but also of destroying letters."

"But," says R. W., "Bagehot's lament is, in general, quite out of place. The very reverse of his statement is the actual truth. The introduction of the Penny Post set letter-

writing free. It vastly multiplied the country's correspondence, induced many people to practice the art who had seldom or never practiced it before, and raised the art itself to a new height of esteem."

And then R. W. makes a statement which is in accord with Mr. Butterfield's belief, expressed on these pages:

"What are the special qualities of a good letter?" the South African writer asks. "To begin with, it must be natural. The rule here is to avoid all affectation. Anything forced or stilted in a letter spoils it completely. You would not talk that way to your friend. Write as you would talk, therefore, while at the same time being careful to keep the letter from falling below a certain level of correctness."

A "Clean Slate" to Save \$10-Billion

FRED ROGERS FAIRCHILD

FEDERAL BUDGET EXPENDITURES BY MAJOR FUNCTIONS Fiscal Years 1950-1952 (In millions)

Function	Expenditures		
	1950 Actual	1951 Estimated	1952 Estimated
Military services.....	\$12,303	\$20,994	\$41,421
International security and foreign relations.....	4,803	4,726	7,461
Finance, commerce, and industry.....	227	368	1,524
Labor.....	263	212	215
Transportation and communication.....	1,752	1,970	1,685
Natural resources.....	1,554	2,117	2,519
Agriculture and agricultural resources.....	2,784	986	1,429
Housing and community development.....	261	409	-102*
Education and general research.....	114	143	483
Social security, welfare and health.....	2,213	2,520	2,625
Veterans' services and benefits.....	6,627	5,746	4,911
General government.....	1,108	1,252	1,351
Interest.....	5,817	5,722	5,897
Reserve for contingencies.....	.....	45	175
Adjustment for daily Treasury statement.....	+330	.....	.....
Total.....	\$40,156	\$47,210	\$71,594

* Excess of receipts over expenditures.

This table is from *Financing Defense: Can Expenditures Be Reduced?*, published by the Committee on Federal Tax Policy. The committee points out that "there is no detail whatever in the Budget for defense and little for international aid. These two together make up two-thirds of the total"

The committee's publication considers the principal items in each of the expenditure groups shown in this table

FEDERAL BUDGET EXPENDITURES SHOWING AREAS OF REDUCIBLE GOVERNMENT SPENDING FOR 1952 Fiscal Years 1949-1952 (In millions)

	1949 Actual	1950 Actual	1951 Estimate	1952 Estimate
Total.....	\$40,057	\$40,156	\$47,210	\$71,594
Reducible Areas:				
Gross disbursements for Loans.....	2,065	2,071	2,577	2,077
Expenditures for Civil Public Works, Commodity Inventories, and Equipment.....	2,994	3,016	1,744	3,751
Expenditures for Aids and Special Services for programs of states, local governments and others (civil) other than International.....	10,074	10,702	10,574	9,603
Other Current Operating Expenses.....	1,836	1,896	2,076	2,446
International Aid (no details in Budget).....	5,554	4,392	4,218	7,008
Total Reducible Areas including International Aid	22,523	22,077	21,189	24,885
Military Services (no details in Budget).....	11,914	12,303	20,994	41,421
Other items:				
Interest payments.....	5,444	5,817	5,722	5,897
Noncost payments ^a	578	563	572	623
Receipts a/c loans.....	-673	-936	-1,314	-1,406
Total.....	5,349	5,444	4,980	5,114
Reserve for Contingencies.....	.....	.....	45	175
Adjustment to Daily Treasury Statement basis.....	+272	+330	.....	.....

^a Noncost payments are mainly for the railroad retirement trust fund, for which reimbursement through special payroll taxes is included in revenues.

The author is Professor Emeritus of Economics at Yale University, and a member of The Committee on Federal Tax Policy.

THERE can be no doubt that the American people are waking up to the necessity of drastic reduction in the expenditures, other than military, of the Federal Government. Members of Congress are receiving an unprecedented expression of such sentiment from their constituents. The senators and representatives are themselves receptive; almost in a single voice they argue for rigorous reduction.

But there are practical difficulties. Both the Administration and the Congress tend to respond to economy demands from constituents with a question: "Where can we cut?" The President says he is powerless because of some law passed by Congress. The Congress has very little staff of its own for investigation; it says it is helpless, because of non-cooperation on the part of the Executive in carrying out cuts effectively. Both cite pressure from the public against specific cuts proposed.

Nature of the Problem

The Committee on Federal Tax Policy, in its current study entitled *Financing Defense: Can Expenditures Be Reduced?*, addressed itself first to the major question of what types of expenditure offer possibilities of reduction in the Federal budget for the fiscal year 1952. We, the members of the committee, seek to show the specific areas susceptible of reduction in this period of huge national defense costs.

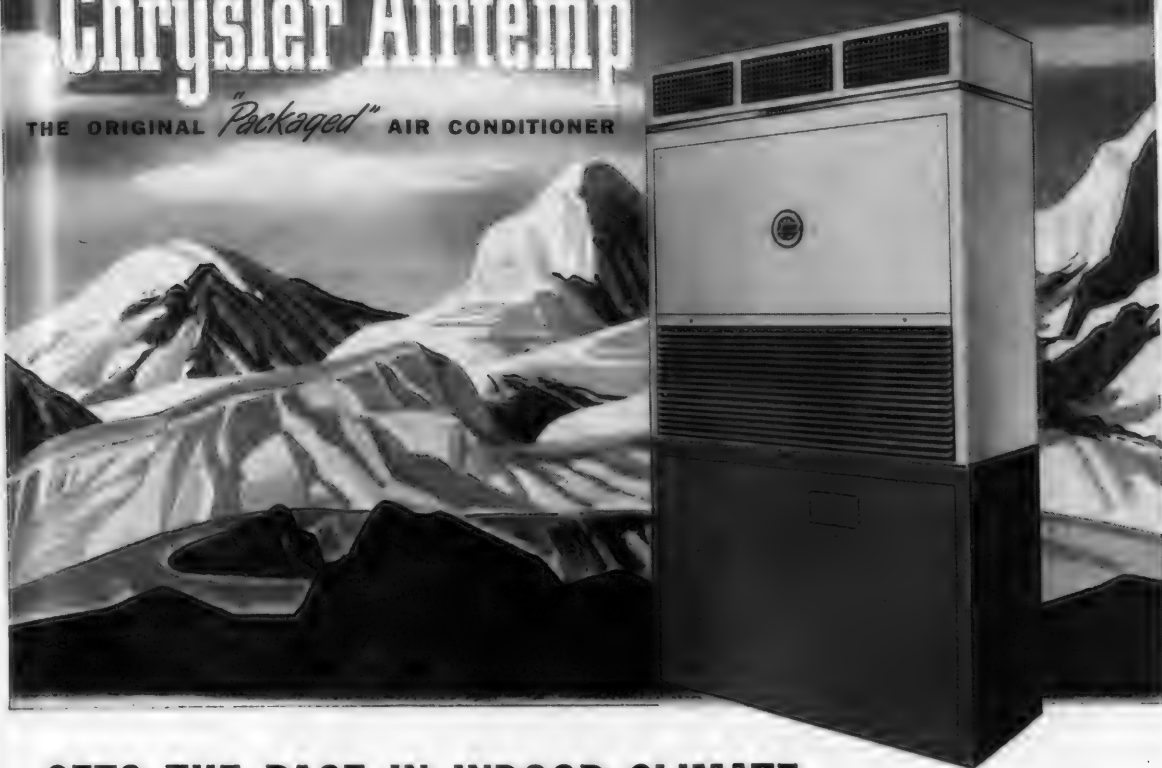
But this alone does not solve the problem. Prompted by the fact that no one seems able to convert reduction proposals into actual legislation, the committee has considered next a second major question: How can Congress achieve the necessary reductions in spending? This is a practical question of procedure.

In answer to this question, the committee proposes a clean-slate

(CONTINUED ON PAGE 136)

Chrysler Airtemp

THE ORIGINAL "Packaged" AIR CONDITIONER



SETS THE PACE IN INDOOR CLIMATE



Thousands of successful commercial and industrial installations throughout the nation provide proof positive that Chrysler Airtemp is the *best buy* in "Packaged" Air Conditioners. More of these units have been sold than any other make. This record is no accident. It is a result of the superiority built into Airtemp Air Conditioners through Chrysler engineering, "know-how" and production facilities.

Chrysler Airtemp pioneered "Packaged" Air Conditioners and the high speed Sealed Radial Compressor which "locks out" dust and moisture to assure long-lived, trouble-free operation.

Moving parts are bathed in oil for quiet frictionless performance—and direct drive eliminates the bugaboo of broken belts, fly-wheel and pulley maintenance. Chrysler Airtemp units are noted for utmost economy, too.

Five capacities (2-, 3-, 5-, 8- and 11-tons) meet every commercial and industrial cooling need, from small offices to large factories. Have your nearby Chrysler Airtemp dealer show you how these versatile models can simplify your air conditioning problem. (He's in the Yellow Pages.) Or mail coupon today for the complete Chrysler Airtemp story.

Chrysler Airtemp

AIR CONDITIONING • HEATING • COMMERCIAL REFRIGERATION

AIRTEMP DIVISION OF CHRYSLER CORPORATION, Dayton 1, Ohio

In Canada: Therm-O-Rite Products Ltd., Toronto



ROOM AIR CONDITIONERS



DEHUMIDIFIERS



COMMERCIAL REFRIGERATION



CENTRAL STATION SYSTEMS

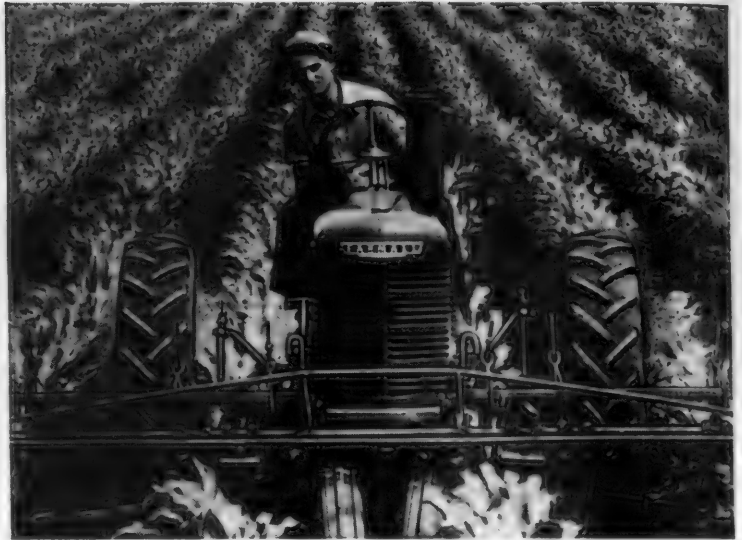


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AIRTEMP DIVISION OF CHRYSLER CORPORATION
Dayton 1, Ohio B-5-51
Please send me information on how Chrysler Airtemp air conditioning can help me build business this summer.

Name _____
Address _____
City _____ Zone _____ State _____

A loan for production...



THE FARMER'S character, capital and capacity to pay is an established fact in thousands of communities. More and more bankers have tapped this excellent investment source through co-operation with local International Harvester dealers and farmers.

Farm equipment loans merit the most careful consideration. They aid continued growth and expansion of Installment Loan Departments. The judicious extension and use of this credit build a sound and prosperous economy within the community.

With defense demands for manpower, agriculture is again faced with a "help" shortage at the same time that it is being asked to increase production. International Harvester mechanized equipment will help agriculture solve this dual problem. The banker who provides necessary equipment financing to do the job has the satisfaction of knowing that he is helping increase the agricultural productive capacity, and is thereby counteracting inflation.

INTERNATIONAL HARVESTER

180 North Michigan Avenue

Chicago, Illinois

International Harvester products pay for themselves in use



Builders of farm equipment for easier, more profitable farming... trucks for better transport... industrial power for road-building and earthmoving... refrigeration for better preservation of food.

The Country Banker



Bankers and Extension Service representatives attending a session of the Indiana Bankers Association's agricultural clinic at Purdue University, Lafayette

News for Country Bankers

This news covering various aspects of country banking was compiled by MARY B. LEACH of BANKING's staff.

Calendar of Bankers' Agricultural Schools

MANY of the state bankers associations, motivated by a desire to keep their members abreast of the latest developments in the agricultural lending field and in farm management, operations, research, etc., are now sponsoring annual agricultural credit schools, clinics, and conferences. In some cases these schools are attended by hundreds of bankers, many of whom cross state lines. BANKING believes that the subjects discussed at these various study conferences are of sufficient interest to warrant its giving a brief synopsis of the 1951 schools that have come to its attention. Here they are:

State	Date, Place	Principal Topics
Fla.	Feb. 8-9 Gainesville	Farm records and accounts; farm and ranch management; farm and ranch programs for banks; development of agricultural research.
Ga.	Feb. 13-14 Tifton	Inflation—the banker and the farmer; cattle lending—problems and possibilities; the packers problems and needs; current problems on the farm.
Ga.	Feb. 20-21 Athens	Similar to above.
Va.	Mar. 5-7 Natural Bridge	Agricultural outlook; agricultural credit policies; farm programs for banks; pasture and livestock programs.

State	Date, Place	Principal Topics
Ind.	Mar. 15-16 Lafayette	Farm program for Indiana banks; poultry financing; financing young farmers; farm operating expenses; public relations through agriculture.
Mont.	Mar. 15-17 Bozeman	Mineral deficiencies; developments in animal breeding; sheep industry in Montana; agricultural policy; earning capacity as a basis for making farm and ranch loans; soil conservation.
Col.	Mar. 20-22 Fort Collins	1950 topics were: Farm appraisal procedure; bank services to farm customers; opportunity in agricultural credit; agricultural problems.
N. H.	Mar. 29 Durham	Outlook for agriculture; farm records; credit for farm enterprises; farm credit problems.
Ore.	Mar. 30 Portland	Soil management and marketing outlook.
Ore.	Apr. 6 Baker	Soil management and marketing outlook.
Vt.	Apr. 3 Burlington	Agricultural outlook; poultry and dairy industry; agricultural credit—past, present, future; farm loan services.
Ky.	Apr. 8-10 Lexington	1951 farm outlook; rising land values; financing farmers' operations; agriculture and controls; labor and capital investment in farm machinery; pasture program as investment.
S. D.	Apr. 11-12 Brookings	Farm finance; farm management; atomic energy in agriculture; crop diseases.
Mich.	Apr. 12-13 E. Lansing	Farm appraisal procedure, agricultural legislation, financing the young farmer; a farmer looks at the banker.

<i>State</i>	<i>Date, Place</i>	<i>Principal Topics</i>
Del.	Apr. 13 Newark	Yardsticks for agricultural lenders; broiler production; national agricultural policy; agricultural trends as a guide.
Kan.	June 6-8 **Lawrence	Agricultural subjects.
Ia.	June 18-29 Ames	Agricultural policy; farm and personal property appraisal; credit administration; land use—conservation; agricultural specialization; production and cost trends; outside farm representatives; agricultural engineering; weed and pest control; field trips, etc.
R. I. Conn.	June 20-21 Kingston (R. I.)	Variety of agricultural subjects.
N. C.	July 9-13 Chapel Hill	Real estate appraisals; pasture improvement loans; farm credit file; livestock and machinery loans; crop and production appraisals.
N. Y.	Aug. 13-17 Ithaca	Farm management; poultry and dairy husbandry; farm appraisals; lending procedures; use of farm record books.
Penn.	Aug. 23-24 State College	Agricultural price policy; valuation and credit aspects of the farm; soil and crops; practices in agricultural lending.
Tex.	*September Austin	Agricultural subjects.
Mo.	Sept. 19-20 Columbia	Balanced farming; youth work; case history of a Missouri farm; agricultural outlook.
Ill.	**Oct. 24-25 Urbana	News for bankers in dairying, agronomy and animal science; milk marketing agreements; adapting cattle feeding programs; dollars and cents (sense) soil conservation.
Mass.	*October Amherst	Outlook for agriculture; farm accounting service; the role of the county key banker; pitfalls of farm loans.
N. Y.	Nov. 7-8 Syracuse	Farm records and accounts; farm equipment financing; outside programs for smaller banks; public relations for agricultural banks; profitable feeding program for farmers.
Me.	*December Waterville	General outlook for agriculture; how the college and bankers can work together; farm management; lending techniques.

*In some cases, where this year's program has not yet been announced, dates have been omitted and last year's curriculum included. States have been inserted in the chronological order of previous clinics.

** Tentative.

Proud winners of the 1951 agricultural short course scholarships given by the Michigan banks for the winter term at Michigan State College



Short Course Dividends

THE Michigan Agricultural Short Course Scholarship program sponsored by the Michigan Bankers Association (April 1950 *BANKING*) pays good dividends public relationswise to the banks that publicize their support of this program locally.

Recently when one of its scholarship students returned home after completing the short course in general agriculture at Michigan State College, the Eaton County Savings Bank in Charlotte, Michigan, extended congratulations in a 6¼ x 9½-inch advertisement. The local newspaper also gave editorial space to report on the bank's participation in this activity.

The ad read in part:

"Richard E. Willbur was the winner of the 1950 short course scholarship offered by the Eaton County Savings Bank, and is the son of Maurice Willbur . . .

"The Eaton County Savings Bank is proud of the record of this young man and is sure that he will continue to be a credit to his community.

"The Eaton County Savings Bank is also proud of the contribution it is making to the future farmers of Eaton County by making this wonderful training possible."

One hundred and twenty-five Michigan girls and boys were awarded short course scholarships for the fall and winter terms of State College by scores of Michigan banks.

USDA Wants Range Sales Data

THE cooperation of banks is sought by the U. S. Department of Agriculture in the collection of data on range sales of livestock for use in its newly inaugurated livestock market news reports.

The USDA is issuing weekly reports from offices of the livestock branch of its Production and Marketing Administration in Fort Worth, Denver, San Francisco, Spokane, and Billings. These offices prepare the reports on Friday for release to local newspapers and radio stations and for transmission over the market news leased wire system. They are also posted on bulletin boards at all livestock markets and are made available to farm magazines and press associations.

Anniversary Public Relations

As a basis of comparison of the progress made in banking since the bank's founding 30 years ago, The Bank of Matamoras, Matamoras, Pa., dug up a Ford car that made its debut in the same year. The car had been in moth balls since 1928 and it was reconditioned with spare parts obtained from a long-time Ford dealer in Stroudsburg and tires from a dealer in Connecticut.

The bank's celebration of its 30th anniversary was tied to a "Know Your Bank Better Week" advertising and publicity campaign and the Model T Ford, with chauffeur wearing an early 1920s uniform, was stationed at the main entrance of the bank. The car and chauffeur were available to customers and friends of the bank having errands in Matamoras and Port Jervis.

(CONTINUED ON PAGE 64)

Business that Belongs to Local Banks

● Soil-saving practices need not be expensive. Most farmers have, in their usual farm equipment, machinery for building ponds and terraces. A good farm tractor with plow and scraper can do most of the work in building a pond. Tractor and moldboard or disk plow can build perfectly good terraces—usually at a cash saving as compared with hiring the work done.

Case was one of the first farm equipment manufacturers to push soil conservation. For many years the company has prepared and made freely available visual-education materials on soil conservation methods. And Case products have long been designed to make soil-saving methods easy and economical.

Power and easy handling make the Case Model "DC" 3-plow tractor, shown below building a dam, ideal for this kind of work as well as for general farming. Financing the purchase of versatile, long-lived, cost-reducing farm tractors and implements is, Case firmly believes, business that rightfully belongs to local banks. J. I. Case Co., Racine, Wis.



The one-way disk plow makes a fast and economical earth-moving tool for building broad-base terraces. Case hydraulic control makes work still faster, easier, and more economical.



Mighty 4-5 plow Model "LA" and Case Centennial plow build a water-spreading dike. The "LA" tractor's eager power and the Centennial's versatility make them a great team for all plowing jobs.



CASE



SERVING FARMERS SINCE 1842



1 Not just one microfilmer—but a complete line designed for varying requirements. Regardless of the size of your bank, you'll find a Recordak Microfilmer "just right" for your needs—one that will give you all the advantages of modern microfilming at the lowest cost. And now you can order it on an *attractive purchase or rental basis*.



2 An experienced field staff—specialists in banking as well as microfilming—ready to show you how Recordak microfilming systems, which are now bringing important savings to thousands of banks, can be adapted readily to your routines. This valuable service is available to you at all times—when you're considering the application of Recordak microfilming in your bank . . . and when you're using it.

Recordak gives you this

3 Duplicate film protection. All Recordak Microfilmers, except the Junior Model, are designed to expose two rolls of film simultaneously. This enables you to produce duplicate film copies which can be shipped to a correspondent bank for safe-keeping. Users of the Recordak Junior can order film copies from their Recordak processing station.

4 Facsimile-print service. Should you at any time desire exact-size reproductions of your original records, you can order them from the nearest Recordak processing station. Recordak facsimile prints are sharp, legible positive copies . . . photographically accurate and complete in every detail. And remember, if your transit letters are lost or destroyed en route, *these facsimiles are provided free of charge.*





Dependable mechanical service. Recordak's service technicians are specialists in the true sense of the word . . . trained for, and experienced in, the *one* job of keeping Recordak Microfilmers in A-1 order. When you buy a Recordak Microfilmer you get up to 2 years of free servicing—including parts replacement if necessary. When you rent, your payments cover service and necessary parts replacement.



Film processing by professionals . . . using specially designed professional equipment—a highly necessary combination for the exacting job of processing films according to the highest scientific standards . . . in the fastest possible time. You'll get this *professional* service in all of Recordak's 23 strategically located processing stations.

incomplete Microfilming Service

Contract-microfilming service. Available to banks (and bank customers) on a moderate fee basis—especially recommended for bank-wide record-preservation programs and other projects which are not included in the daily microfilming routine. Recordak will microfilm your documents in its nearest laboratory . . . or, if you prefer, bring the necessary equipment and personnel to your bank.



No matter what your microfilming demands are, it will pay you to remember Recordak—for 23 years specialists in microfilming only. Call in your local Recordak representative . . . or contact Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.

"Recordak" is a trade-mark

RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
and its application to banking**





The Country Bank Operations Commission meeting in Wichita, Kansas. Clockwise around the table, George B. Ward, A.B.A.; J. C. Welman, Kennett, Mo.; W. W. Campbell, Forest City, Ark., chairman, A.B.A. Agricultural Commission; Melvin C. Miller, secretary, and James H. Kennedy, chairman, A.B.A. Bank Management Commission; Russell L. Dunbar, Sunman, Ind.; L. M. Schwartz, Paola, Kan.; W. M. Willy, Madison, S. D.; N. Suttle Roberts, Corsicana, Tex.; Richard W. Trefz, Pueblo, Col., chairman, and George R. Amy, secretary, Country Bank Operation Commission; Otto B. Larsen, Watsonville, Cal.; Ralph H. Michael, Canton, N. Y.; Donald T. Lawler, Crookston, Minn.; Charles E. Betts, Jr., A.B.A.; Max Stieg, Clintonville, Wis.; P. A. Warner, Mount Vernon, O.; Maurice H. Kirby, Henderson, Ky.; and W. H. Pierce, Shelby, Neb.

(CONTINUED FROM PAGE 60)

Several New Operating Studies

A TELLERS' training study is among several projects being developed by the Country Bank Operations Commission. In discussing this study following the Commission's recent meeting in Wichita, Chairman Richard W. Trefz said that "the job of employee training is continually gaining in importance, especially in the medium-sized and smaller banks. This study is designed to be useful as a training program for tellers and as a handy guide for reference purposes."

The Commission and the Customer and Personnel Relations Department are about ready to release their joint study on *How to Make an Area Salary Survey*, which ties in directly with its salary administration program. See page 37 for a fuller discussion of this survey.

Around the end of 1951 the Commission will complete a simplified chart analysis study to guide banks in maintaining a chart record of the basic factors that affect their growth and safety. This survey will be in the form of instructions and illustrated charts, with accompanying binder and blank forms.

Chairman Trefz reports that the Commission's *Simplified Cost Analysis for Smaller Nondepartmentalized Banks* study is in constant demand by individual banks and that several state associations are making practical use of it, including Kansas, Virginia, and Florida.

Interest in the service charge kit prepared by the Commission and providing bankers with complete coverage of the subjects of bank costs and service charges continues unabated, Mr. Trefz said. The Commission is now working on a companion study entitled *Miscellaneous Service Charges*. It will provide information on the establishment of rates for those items and transactions which do not enter into the general service charge plan.

Cow Bell Grass Seeder

THAT cattle and sheep can plant their own grass as they graze with a new "cow bell grass seeder" should be of interest to banks and state bankers associations whose agricultural programs include financial assistance to farmers for livestock purposes and for

pasture improvement. In its April issue the *National Live Stock Producer* described this new "seeder":

"The device hangs from the animal's neck like a cowbell. As the animal raises or lowers its head to graze, movable disks match up and drop from one to three seeds.

"The seeder will hold enough seed for a week or more without refilling. Movement of the animal agitates the seeds so they will not cake in the bottom of the container. Almost any kind of seed can be used.

"With a band of 1,500 sheep, the article points out, only 15 seeders would be required or one for each 100 sheep. Employed in this manner, it would be possible to seed quite an area with little seed waste and low cost.

"The cowbell seeder is mechanically foolproof..."

New York Backs Green Acres

IN recognition of the value of developing better pasture lands through improved methods of plowing, liming, fertilizing, seeding, and management, the agricultural committee of the New York State Bankers Association is giving its active support to the "Green Acres" program sponsored by the New York State College of Agriculture, according to Herbert J. Kneip, president of the NYSBA.

This program encourages improvement in the quality and efficiency of production of forage crops.

Livestock Department Manager



WILLIAM E. DRENNER, widely known cattle dealer and author on livestock topics, has been appointed manager of the livestock department of the First National Bank of Memphis, devoted principally to cattle financing and aiding southern bankers and others in promoting livestock

development programs.

Mr. Drenner received his A.B. degree from Columbia University and served two years during World War II in the U. S. Navy. Subsequently he has had broad experience as a livestock buyer.

(CONTINUED ON PAGE 70)

BANKS

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FAST
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An Up-to-the-Minute Country Bank Program

MEANS of improving and augmenting its program of assistance to banks located in agricultural areas were studied by the Agricultural Commission of the American Bankers Association during the Commission's recent two-day meeting in Des Moines. Throughout the sessions emphasis was focused on the need of providing adequate credit to finance farm production for national emergency purposes, while discouraging use of credit for speculation in farm land and in farm commodities.

Eleven committees of the Commission reviewed their programs of assistance to country banks and outlined plans for the year ahead. Committee reports covered the broad area of the Commission's activities: agricultural lending procedures, agricultural outlook, farm credit schools, farm land prices (see page 67 for present farm land price trends), forestry, GI loans, livestock, outside farm programs, research in farm credit, soil conservation, and youth activities.

W. W. Campbell, Commission chairman and president of the National Bank of Eastern Arkansas, Forrest City, presided at meetings of the Commission.

10-Point Program

A 10-point program was adopted by the Commission for recommendation to banks as a guide in credit extension and administration under present conditions, as follows:

(1) Make loans only for sound production purposes; (2) push sound soil improvement practices; (3) discourage indebtedness that cannot easily be retired should prices decline; (4) keep in mind relationship of farm income potential to sound farm land values; (5) develop budget, decide on credit line, and set up repayment schedule for loans; (6) obtain full credit information before granting loans; (7) be satisfied that borrower measures up with respect to good standards of organization and management; (8) get acquainted with borrower's experience and ability, soil improvement practices, family attitude toward farming, help available, reputation for



The Commission meeting in Des Moines. Left to right, E. T. Savidge, Commission secretary; Frank H. Coward, Lapeer, Mich.; Frank H. Jenne, Yakima, Wash.; Dr. Van B. Hart, Ithaca, N. Y.; Mr. Kinnamon; Hubert P. Burdette, Mount Airy, Md.; O. D. Ellsworth, Adel, Ia.; H. B. Howell, Ames, Ia.; J. Earl Coke, Berkeley, Calif.; Eastman Nuckolls, Eldora, Ia.; S. R. DeCou, Woodbine, Ia.; Walter T. Robinson, Donnellson, Ia.; John B. Mack, Jr., A.B.A. deputy manager; C. B. Eginton, Storm Lake, Ia.; John N. Thomson, Centerville, S. D.; Eugene C. Zorn, Jr., A.B.A.; Burr S. Swezey, Lafayette, Ind.; R. N. Downie, Garden City, Kan.; Mr. Tapp; Norman J. Wall, USDA, Washington, D. C.; Mr. Bloodorn; Mr. Maret; Frank R. McGeoy, Jr., Greenwood, Miss.; Mr. Ware; Dr. O. B. Jesness, St. Paul, Minn.; Mrs. Edwina Kennedy, A.B.A.; A. G. Brown, A.B.A. deputy manager; and Chairman Campbell

paying bills, etc.; (9) keep in touch with borrower's operations by periodic visits to his farm; and (10) encourage farmers to reduce existing debts and to build up financial reserves in Savings Bonds and savings deposits.

Plans for publishing a new booklet, entitled *What, Why, and How of Forestry*, was announced by the Committee on Forestry. Although it will be several months before this publication is completed, some of the topics to be included are: The possibilities of forestry; forestry services available; what can be done; forest management; utilizing idle acres; forest protection; forest credit; and forest taxation. It also will include case histories and examples of what some banks and bankers associations are doing to promote forestry conservation.

G. G. Ware, president of the First National Bank, Leesburg, Florida, is chairman of the Forestry Committee.

Farm Loan Research

For several years past the Commission has issued semiannual reports on the volume of agricultural loans. An attempt now is being made by the Research Committee, headed by Jesse W. Tapp, vice-president of the Bank of America, San Francisco,

to formulate a plan for gathering data on the volume of farm loans monthly rather than semiannually. With conditions as they are, it is felt that these loan data should be available on a current basis.

Another study by the Research Committee in cooperation with the Bureau of Agricultural Economics, U. S. Department of Agriculture, is under way. The purposes of this study are:

(1) Determine the extent to which banks indirectly finance agriculture through loans to farmers' cooperative associations and by loans to dealers and merchants for the purpose of carrying accounts receivable due from farmers and ranchers. These loans are not reported separately in the Comptroller of the Currency's call report.

(2) Determine the lending practices and farm loan organization of banks that make direct loans to farmers and ranchers.

The adoption of a five-point program of cooperation with committees of the state bankers associations was announced by the Commission on behalf of its newest group, the Livestock Committee. This Committee will undertake to stimulate activities along the following lines:

(1) Close cooperation with the Extension Service by having agricultural college specialists and others appear before bankers' meetings of various kinds.

(CONTINUED ON PAGE 139)

Farm Land Prices Reach Another All-Time High

FARM land prices have advanced 14 percent in the past year to another all-time high. These facts are revealed in the March index of 193 (1912-14 = 100) recently released by the Bureau of Agricultural Economics. According to the Bureau, not only has there been an increase of 14 percent, but the rise is larger than that reported for any year in the past decade. It is undoubtedly a reflection of the high level of economic activity and rising prices of farm products generally.

The extent of the land value increase is indicated by the fact that prices in all states, except one, show an increase over a year ago. See the map at the bottom of this page for the percentage changes.

In 36 states, the index is at new record highs for the post-World War II period. North Carolina leads with an index of 380. Kentucky follows with 312, and then Tennessee with 294, Alabama with 290, Arkansas and Mississippi with 284 each, and Virginia with 267. Maine, with an

index of 130, is the one state where land prices are down from a year ago.

In November 1948 seven Mountain and Pacific states—Colorado, Idaho, Montana, Nevada, Oregon, Utah, and Washington—had farm land price indexes exceeding those of March 1951. California's post-World War II high was reached in March 1947. Land prices in three other states—New Hampshire, Vermont, and West Virginia—show the same index now as that recorded in late 1948 and early 1949.

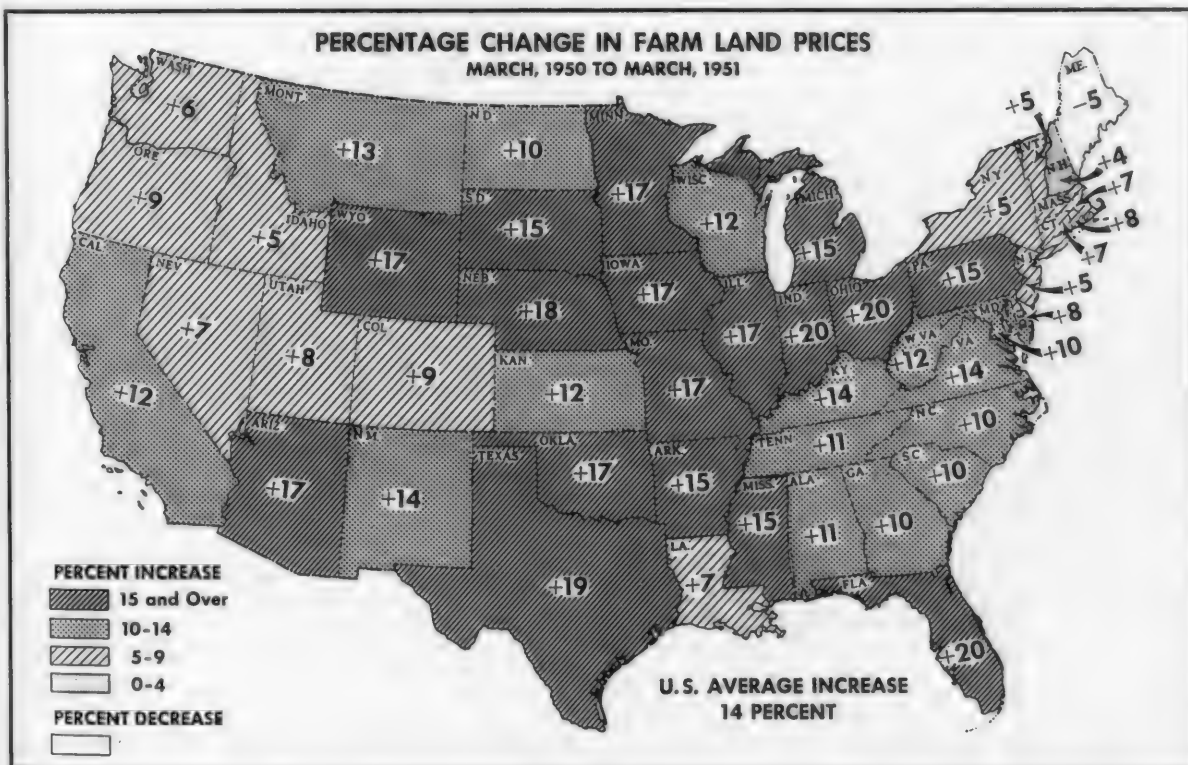
Percentagewise, during the past year the greatest increase occurred in Florida, Indiana, Ohio, and Texas. Throughout the Central West the increase was quite marked. Smaller percentage increases occurred in the New England states as well as New York, New Jersey, Maryland, Delaware, Louisiana, Washington, Oregon, Idaho, Nevada, and Utah.

For the post-World War II period (March 1946 to now), South Dakota shows the greatest percentage increase in land values. Farm land

prices have increased 65 percent in that state since March 1946. Prices in eight other states; namely, Arkansas, Illinois, Iowa, Kansas, Minnesota, Nebraska, North Dakota, and Oklahoma, increased more than 50 percent in the same period. California, Idaho, Maine, Oregon, and Washington show the least increase since World War II. The range of increase for the period following World War II is substantial in practically every state. See the table on page 70 for the index numbers, by states, for March 1946 and 1951.

A substantial increase in the number of inquiries to buy farms is reported by the BAE. The actual number of farm sales during 1950 increased 6 percent over the number of sales in 1949 and was about one-third under the number of sales reported for the peak years 1946-47. This would seem to indicate a healthy unwillingness on the part of farmers to sell.

The total farm mortgage debt at the beginning of 1951 is estimated (CONTINUED ON PAGE 70)





The man who talks to P

one

There are times in Washington when what the press corps buzzes about is not the news so much as one of their own colleagues who makes news. Twice, Presidents of the United States have broken their rule against individual interviews to talk to him for publication. For leaders in Washington know, as do thousands of readers all over the country, that there is no more lucid, informed, or penetrating writing done on national affairs today than is done by Arthur Krock.

Arthur Krock has been a reporter for more than four decades. He was a full-fledged Washington correspondent when Taft was President. Since 1932, he has been chief of The Times Washington bureau, the largest maintained by any publication. His column on national affairs, "In the Nation," is an outstanding feature of The Times editorial page. Three of the men in his bureau have won Pulitzer Prizes, the highest honor in American journalism. His own distinguished reporting of Washington news has twice won the Pulitzer Prize.

Reporters and editors like Arthur Krock, pooling their skills and talents each day, help make The New York Times the interesting, authoritative, unusual newspaper it is. Readers believe in it, trust it, rely upon it.

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1851 HUNDRETH ANNIVERSARY 1951



one of a series about the people who make The New York Times "America's most distinguished newspaper"

Farm Land Prices

(CONTINUED FROM PAGE 67)

to be \$5.9-billion, an increase of 8½ percent during 1950. This is the largest annual percentage increase in farm mortgage debt since 1920. The farm real estate loans held by insured commercial banks on January 1, 1951 amounted to \$943-million, or a figure about 7 percent above that of a year earlier.

With net farm income in 1951 expected to be at least 15 percent higher than in 1950, land prices will probably show continued strength. Many people fearing more inflation and a cheaper dollar look to the purchase of farm land as a hedge against inflation.

This pronounced advance in farm land prices and the significant increase in the amount of the farm mortgage debt emphasize the importance of bankers paying closer attention than ever to the inflationary forces at work throughout the country and especially those affecting farm land. They likewise emphasize the importance of bankers doing more than ever to discourage speculation in farm land and to keep their farmer-customers in a sound financial position.

News for Country Bankers

(CONTINUED FROM PAGE 64)

Pasture Meeting Draws 500 Farm Families

MORE than 500 farm families attended the eleventh all-day "Profit from Pasture" meeting to encourage planned land use and the adoption of approved soil conservation practices recommended by the Central National Bank of Greencastle, Indiana.

President Fred L. O'Hair, on behalf of the bank, presented certificates to the 1950 master conservationist, the master conservation family, and the master practitioner of profit from pasture for 1950. Five present and two past soil conservation district supervisors were honored with framed certificates in appreciation of their unselfish service.

A panel composed of local farmers and moderated by the president of the Indiana Association of Soil Conservation District Supervisors discussed "How We Use Our Grass."

Farm Real Estate

Index numbers of average value per acre, by states,
March 1951 compared with March 1946

State	March 1951	March 1946	State	March 1951	March 1946
Alabama	290	208	New Hampshire	142	122
Arizona	202	158	New Jersey	205	164
Arkansas	284	180	New Mexico	214	151
California	220	219	New York	159	120
Colorado	163	125	North Carolina	380	268
Connecticut	204	166	North Dakota	125	88
Delaware	171	137	Ohio	200	140
Florida	252	204	Oklahoma	240	156
Georgia	200	146	Oregon	153	143
Idaho	166	153	Pennsylvania	180	130
Illinois	190	124	Rhode Island	199	159
Indiana	208	145	South Carolina	225	172
Iowa	183	121	South Dakota	112	68
Kansas	187	120	Tennessee	294	213
Kentucky	312	221	Texas	216	150
Louisiana	240	175	Utah	152	127
Maine	130	125	Vermont	185	144
Maryland	220	165	Virginia	267	200
Massachusetts	163	141	Washington	166	153
Michigan	228	167	West Virginia	155	121
Minnesota	197	129	Wisconsin	162	120
Mississippi	284	196	Wyoming	186	132
Missouri	145	102	United States	193	142
Montana	141	102			
Nebraska	153	96			
Nevada	117	100			

Youth Awards

FOUR FFA and 4-H boys received cups and plaques from the National Bank of Auburn, New York, and 10 others were presented with certificates in the annual junior soil conservation contest conducted by the Cayuga County Soil Conservation District. Presentations were made by Edward J. Ramsay, Cayuga County key banker.

President O'Hair presents E. Drake Brookshire with the Central National Bank's Master Practitioner of Profit from Pasture for 1950 award



The competition was between members of two groups of boys, the cups going to the first place winner in each group and the plaques to the second place winners.

This is the second year that the National Bank of Auburn has offered the trophies. Last year it presented one large cup for the best model farm before and after application of conservation practices under a complete conservation plan.

Anniversary Brochure

THE Lancaster State Bank of Lancaster, Wisconsin, marked its twentieth anniversary by issuing a small, illustrated brochure that included a great many interesting facts about the founding of the bank, the services it offers to the community, the supervisory agencies, the bank's directors and staff, and its activities in the community.

The booklet also includes a statement of condition showing a comparison of the bank's deposits from 1931 through the years up to the present—nearly a 10-fold increase.

The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

Coming Events

SOMETIME, probably in May, the Treasury will have to announce what will be offered in exchange for the over \$1.5-billion 2¾ percent bonds called for payment June 15.

By May 15 the Treasury will have to call the nearly \$8-billion 2 percent bonds 1953/51 if they are to be paid off September 15.

Possibly at about the same time a decision will be made as to what kind of a program will start the re-funding of the nearly \$30-billion 1¼ percent notes maturing between July 1 and November 1—about half in July and August and the balance in October and November.

Although the tremendous and unforecast increase in tax payments has eliminated the possibility of any new cash financing before June 30, there is little question but that stepped-up expenditures between July and December will require some such financing before the end of 1951.

Those four items should be kept in mind in trying to get some idea of how the Government market can be expected to behave. The somewhat confused character of market developments in March does not constitute a very stable foundation for future financing of such magnitude. Perhaps this is the best reason for anticipating that, before very long, steps will be taken to clarify the outlook. It has to be done.

What About the 2¾% Bonds Payable June 15?

In a press conference April 3 the Secretary of the Treasury, in confirming the expectation of a \$3-billion surplus for the current fiscal year (a \$2.7-billion deficit had been forecast), remarked that perhaps some of the surplus could be used to retire debt. The 2¾ percent bonds seem to be the logical candidate. This would be a bullish argument for the remaining outstanding partially tax free issues. As of December 31 commercial banks held over 86 percent of the \$1,627,000,000 of the called bonds and the partial tax exemption remains worthwhile from a tax standpoint. Holders of the 2¾ percent bonds called for payment June 15 might con-

sider an immediate exchange into the longer partially tax free issues, especially at prevailing low prices.

Will the 2s Be Called in September?

For years, yields on Government bonds selling at a premium have been figured to the earliest date on which the respective issues could be called, omitting the qualifying phrase "and X thereafter"—X being the coupon rate. Now some question has naturally arisen as to whether a 2 percent bond could be refunded at any real saving to the Treasury, especially as the present unwieldy amount of very early maturing issues should be corrected. So this particular issue—the 2s 1951/53—is now somewhat tentatively said to yield "1.93 percent to call date and 2 percent thereafter."

Four months' notice must be given if the bonds are to be called, so May 15 is the date. Not to call the bonds would seem to indicate the Treasury expected that September would see short-term rates about where they are now. *Per contra*, to call the bonds would seem to carry implication that the Treasury felt that perhaps short-term rates would then be lower and certainly no higher. This reasonable assumption seems likely to result in calling the bonds for payment.

\$30-Billion of 1¼% Notes

The Treasury Survey of the Ownership of the Debt as of December 31, 1950, shows that the Federal Reserve portfolio, with nearly \$12-billion, was the largest holder of these notes. "All other" owners had about \$8,250,000,000. Commercial banks had only about \$6,250,000,000 and have less now, while the Federal has more. This distribution somewhat simplifies the problem, as the Federal Reserve would undoubtedly take whatever was best from the Treasury standpoint.

A great deal can happen between July 1 and November 1, so that what is done in July and August may not forecast what will be done in October and November. The Treasury has stated as a main objective that ownership of the debt by the banking system be restricted as far as possible. Further offerings of long-term bonds—perhaps of the nonmarketable variety—can be ex-

pected just as soon as there is any evidence that funds for such issues are available.

Budget Surplus Temporary

At the end of March the Treasury reported a budget surplus of over \$5-billion with over \$8.5-billion in the general fund balance, and the prospect of a surplus for the fiscal year of about \$3-billion. This very sharp reversal of previous estimates that there would be a deficit of perhaps \$2.7-billion was attributed by Secretary Snyder to the ability of manufacturers to finance their own cash requirements rather than to call on the Treasury for advances, as well as to the much larger income tax payments resulting from the step-up in the volume of business.

While this high cash position indefinitely postpones any new cash financing by the Treasury, it still seems probable that such financing is likely to be needed before the end of the current year. Mr. Snyder points out that defense expenditures can be expected to run at about \$2-billion a month during the second half of the year, and, while eliminating his previous request for a tax bill to produce \$16-billion in the 1951/52 fiscal year, still insists that \$10-billion in new taxes is a must. On the other hand, Congress has so far been reluctant to write a new tax bill.

Whatever the final tax bill may be, it is a virtual certainty that the higher rates will not become applicable to income received prior to July 1 at the earliest, with October 1 the more probable date. As a result, the Treasury would get no benefit in higher payments until the end of the current year. Hence the need for cash financing in the last half of this year, even if a tax bill should be passed deliberately intended to balance the budget for 1951/52. At this time there is certainly no use in guessing just what the character of such new financing will be. What is offered will be geared to Treasury surveys of conditions existing at the time the offerings are made, and in line with the well-known objective of meeting the requirements of the various investor groups.

Attractive Options for E Bond Holders

This month Series E Savings Bonds begin to mature—nearly \$1.1-billion between now and December 31. Maturities in the 1952-3-4 and 1955 total nearly \$20-billion.

To keep these bonds in the hands of present holders the Treasury has not only been willing to allow the interest to accumulate for an additional 10-year period, but has made it possible for Series E Savings Bond holders to convert their holdings to a current income basis by exchanging them for Series G Saving Bonds in denominations of \$500 or greater.

Series G Savings Bonds acquired by exchange from Series E Bonds will pay interest semi-annually at the annual rate of 2½ percent sent to the registered owner, and will be specially stamped giving the holder the right to redeem them at par at any time after six months from date of issue on one month's notice.

Holders of E Bonds of smaller denomination than \$500 may "accumulate such bonds during any 12 consecutive calendar months and present them for exchange not later than two months after the month of maturity of the last bond in the group to be exchanged." The

new Series G Bonds will be appropriately dated with proper adjustment of interest for the entire period.

The Par Dam Broken

Last month's comment was written just before the supposed par dam for Government bonds was broken. Touched off by a lowering of the Open Market Committee bid for the ineligible 2½ percent bonds 72/67, all the ineligible bonds—with the exception of the 2½ percent bonds 67/62 which will be eligible for commercial bank purchase on May 5 next year—were marked down to varying premiums above 99, with the 2¼ percent bonds finally breaking the 99 level.

At the same time the generally tight money conditions, resulting from income tax payments after the middle of the month and the usual desire to dress up bank statements at the monthend, forced the short-term rate to new high levels. The 91-day bills cost the Treasury over 1½ percent at the monthend. For a time, some of the 1¼ percent notes maturing from July 1 to November were available at nearly 1.60 percent, while the 2 percent bonds, callable on September 15, actually could be bought to yield 1.95 percent for 6-months' paper. Similarly the two issues of 2 percent bonds callable June 15 and December 15 respectively were available to yield almost 2 percent.

Nevertheless, both Federal Reserve and Treasury spokesmen expressed satisfaction at the lack of any really disorderly market factors. At all times the Open Market Committee was supporting the longest term ineligible issue and it was quite clear that, rather than being free to roam at will, the market had simply been given a longer rope. By the end of the month there seemed to be less market pressure, and there was the expectation that somewhat easier money would shortly correct the undue distortion in the short-term area. The record for a few of the key issues follows:

	3/8/51	3/13/51	4/4/51	Yield
Eligible Bonds				
2% 9/15/53/51	100.7	100.6	100.1	1.93%
2% 12/15/54/52	100.13	100.10	100.1	1.98%
2¼% 9/15/59/56	101.23	101.4	100.25	2.10%
2¼% 12/15/65/60	112.12	111.20	110.6	
2½% 9/15/72/67	102.8	101.10	101.7	2.41%
Ineligible				
2¼% 12/15/62/59	100.9	99.8	98.29	2.38%
2½% 6/15/72/67	101.15	100.12	100.4	2.49%
2½% 12/15/69/64	100.10	99.12	99.12	2.56%
2½% 12/15/72/62	100.6	99.6	99.6	2.86%
Bills and Notes				Yield
Longest Bills				1.30%
1¼% Notes 11/1/51	1.44%			1.44%
1¾% " 3/15/54	1.74%			1.98%
1½% " 12/15/55	1.80%			1.99%

New 2¾% Bonds Well Taken

The right to exchange the 2½ percent bonds 72/67 for the new 2¾ percent bonds 1980/75 closed April 6. A few days prior to that date the Secretary of the Treasury announced that exchange subscriptions had then passed \$11-billion inclusive of over \$5,250,000,000 owned by Treasury and Federal Reserve accounts. Additional subscriptions should raise the total to perhaps \$14-billion.

Mr. Martin, the new chairman of the Federal Reserve Board, was recently quoted as feeling that subscriptions for half of the \$19-billion would be felt to be satisfactory. A month ago we called the issue "an investor's bargain." The final result seems to confirm that view.

(END)

SOUND GROWTH

founded on Service

Year after year, the volume of Life Insurance on Consumer Credit continues to grow — growth that reflects increasing recognition for the importance of life-protection to all classes of consumer-credit users.

And year after year, the volume written by Old Republic continues to register gains far greater than those of the field as a whole — gains that reflect the many advantages provided by Old Republic, both in coverage and in service.

Old Republic is an old-line legal reserve company, providing nation-wide service to more than 3500 financial institutions through seven regional offices.

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In addition to life coverage, Old Republic service also includes Accident & Health coverage. Frequently this is combined with Life to provide the time-payment customer with all-around protection.

Through years of specialization, Old Republic has simplified the handling of Consumer Credit Insurance so that it requires a very minimum of detail on the part of the financing institution. At your request, our regional manager in your area will be glad to present complete data regarding rates, policies and methods of cooperation with your organization.

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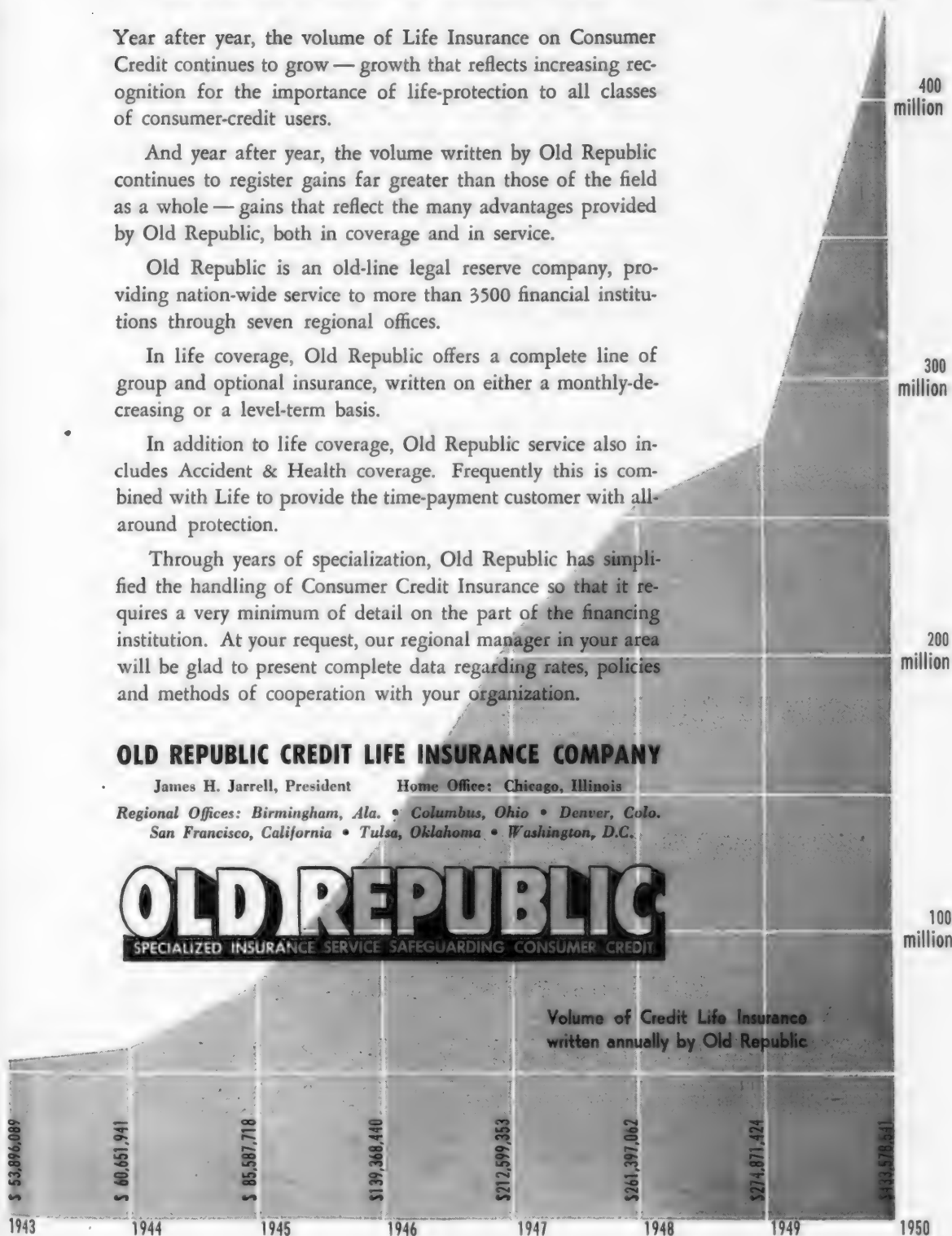
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SPECIALIZED INSURANCE SERVICE SAFEGUARDING CONSUMER CREDIT

Volume written in 1950
\$433,578,541



Volume of Credit Life Insurance
written annually by Old Republic



WIDE WORLD

The Aircraft Industry

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

THE year 1951 promises to be by far the best for American aircraft manufacturers since 1944, which saw the peak output in the last war. Government appropriations for Air Force and Navy aviation procurement so far are in the neighborhood of \$10-billion. An additional \$1.1-billion has been earmarked for aid in this field to member nations of the North Atlantic Defense Pact.

How soon dollars will be translated into full production remains to be seen, but the backlog of orders either already received or in the negotiation stage is very substantial, indeed.

In fact, if President Truman's suggestion of 50,000 new planes per year in his State of the Union message last January is fully realized, the bill to the American taxpayer would come to \$40-billion annually. Munitions Board officials estimated the other day as quoted in the magazine *Aviation Age*.

This figure highlights one of the chief problems of rearmament and of the industry, particularly compared with \$44,831,000,000, which was the total cost of military aircraft production in the last war from July 1, 1940, to August 31, 1945.

Manufacture of planes alone requires about four times as many man hours per ship and double the manpower per pound of airframe weight

as during the last war. Added to that must be more complicated engine production, costlier instruments and new intricate gadgets in the restricted category, not to mention the depreciation of the dollar. All this adds up.

The physical aspect of aircraft manufacture, apart from the financial, is also quite a problem. It calls for vast new floor space requirements, some additional buildings, and the long-term planning for a flow of supplies.

It has been estimated, for example, that nearly \$4-billion would have to be spent for increasing capacity to the desired level. Because of new designs and new methods, only some of the facilities used in the last war can be taken over without material changes. Since V-J Day, military aircraft output has been at a minimum and an entirely new machinery has to be built up and sustained on top of other phases of the rearmament program.

There is not too much criticism in informed quarters with the Government's aircraft planning, even of the projected size, as it is realized that this is one field in which the United States excels. Thus, the United Nations could defensively or offensively blanket the skies and easily offset the superior manpower of the East, if it became necessary.

The main qualification and objection raised, however, lie in the words "if it became necessary." At the

time the program was outlined, it was considered essential by nearly everybody in Washington and elsewhere. Today, there is some doubt about it. "What if we build, say, 50,000 new planes and cannot use them. Then they would become obsolete to the tune of \$40-billion a year," goes the reasoning. The other side of the argument is, of course, that, with current technological advances and improvement, it takes months and years to get into full production, with the result that peaceful nations can no longer wait until they are attacked.

Rebuilding of America's air might, even at this stage, indicates, however, the fantastic burdens which all-out mobilization and all-out war, would impose.

The cost of an output of 50,000 planes a year is broken down by the experts into \$20-billion for aircraft frames, \$12-billion for engines and propellers and \$8-billion for such miscellaneous items as electronic equipment, instruments and accessories—a total of \$40-billion a year, to mention it again.

Engines Big Item

The second largest item, engines, includes spares and spare parts, also jets as well as piston engine power.

Employment requirements would be about 1-million persons for frames and about 625,000 for propellers and engines. Informed quarters believe the Munition Board's estimates are rather low and that, if this program is to be realized, all figures most likely would have to be upped. For the time being, they seem to be reasonably close to what is envisaged.

In order to achieve the program, there will have to be conversion of plants, now employed in civilian consumption, to military require-

(CONTINUED ON PAGE 76)

Union Oil 1950 profits 8% of total sales



32% for Raw Materials

1. In 1950 Union Oil Company took in \$217¼ million from the sale of its products. \$68¾ million went right back out in payment for raw materials.



16% for Wages and Salaries

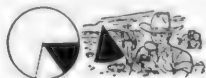
2. \$35½ million* went to our 7,826 employees in wages, salaries and benefits.

*Salaries of company officers constituted about 1¼% of this.



17% for Supplies; 8% for Transportation

3. \$37 million went for supplies, rent, tools, utility bills and other costs of doing business. \$17 million went for transportation.



12% for Depletion and Depreciation

4. \$27 million went for depletion and depreciation—to find new oil to replace the crude used during the year and to replace worn-out and obsolete equipment.



6% for Taxes; 1% for Interest

5. Federal, state and municipal taxes took \$12½ million.* (This does not include gasoline taxes.) Interest on borrowed money amounted to \$2¼ million.

*These taxes amount to 11% more than all dividends paid to our stockholders and equal more than ¼ of our total payroll.



54% for Dividends

6. This left a net profit of \$17¼ million (8%). \$11½ million of this profit was paid out in dividends to our 88,095 preferred and common stockholders. Payments averaged \$292 per common stockholder.



2% for Expansion

7. The remaining \$5¼ million of profit was set aside to replace and expand our oil fields and facilities in 1951.

But here's the rub: In order to meet the requirements of the present national emergency, we estimate that we should spend \$25 million drilling during 1951. We should spend \$20 million on new refining facilities. We need \$5 million for a new tanker. And we need about \$3 million for pipe lines, storage facilities, etc. This totals \$53 million.

Our estimated 1951 reserve for depletion and depreciation totals \$30 million. This, plus our \$5¼ million plowed back from 1950 profits, totals only \$35¼ million. Therefore we're going to have to earn and retain about \$17¼ million more this year than we did in 1950—assuming there is no increase in dividend requirements. That's why tax policies that don't permit corporations to retain earnings earmarked for needed expansion can have such far-reaching effects on the productivity and economic growth of the nation.

Manufacturers of Royal Triton, the amazing purple motor oil.

**UNION OIL
COMPANY
OF CALIFORNIA**

INCORPORATED IN CALIFORNIA, OCTOBER 17, 1890

This series, sponsored by the people of Union Oil Company, is dedicated to a discussion of how and why American business functions. We hope you'll feel free to send in any suggestions or criticisms you have to offer. Write: The President, Union Oil Company, Union Oil Bldg., Los Angeles 17, Calif.

ments. One bright spot is the Air Force pool of 40,000 machine tools which were put together after the end of the last war and are now being loaned to contractors. Their total value has been estimated at about \$400-million and their existence should make possible more rapid return to military output than in some other lines.

In addition to the regular aircraft industry, automobile manufacturers will also be substantial beneficiaries. Among them, Ford Motor Company will build piston engines, Kaiser-Frazer Corporation will make cargo transports at Willow Run, Chrysler will manufacture jet engines, and General Motors will build jet fighters.

Various Air Force and Navy reserve plants have been reactivated and the Air Materiel Command's industrial planning division has entered into the second phase of its operations to serve as a production resources division for Air Force contractors in their expansion program.

The fine points of materials priority and machinery requirements have yet to be completed. In the meantime, commercial airlines, alarmed at the prospect that, because of military orders, future deliveries are uncertain, have been placing orders for new transport

planes. These did not show up in 1950 records, but will be a factor in 1951 and 1952.

Total production of transports was 97 last year, against 166 in 1949 and 263 in 1948, when fleets were still being built up. However, unfilled orders for transports on December 31 last totalled about 260, including 50 for the Air Force and Navy. Of these

Other Securities

UNDERWRITERS continue to offer a well diversified list of new bond and stock issues. Price-cutting broke out in the market for tax-exempt municipal obligations as dealers tried to move their inventories. They succeeded in this endeavor as response improved with dropping prices and, conversely, higher yields.

The municipal bond yield index was 1.81 percent on March 3, when John W. Snyder, Secretary of the Treasury, abandoned the 2½ percent top yield of long-term Treasury bonds in favor of 2¾ percent. A general reappraisal of yields in all investment markets has been proceeding since that time.

The Dow Jones yield index of 20 representative state and city issues, moving inversely to prices, is now above 2.1 percent. The average price of 10 tax-exempt revenue issues has receded to 98.78 and the average yield in this section of the market has risen to 2.33 percent.

Dealers still are carrying abnormally large inventories of obligations they purchased at higher prices and the chances of moving them do not appear too good at this writing.

The floating supply of tax-exempt bonds in the market is given at about \$155,000,000, slightly lower than a half month ago. *The Daily Bond Buyer* places at \$189,314,201 the supply of new municipals in sight during April and a little beyond, a somewhat large amount to move with the previous supply overhanging the market.

Corporate offerings continued relatively satisfactory in the entire diversified list of utility, railroad and general industrial issues.

about 200 are expected to be delivered in 1951.

Domestic airlines have rolled up impressive records in handling increasing business and they are anxious to have enough equipment to handle the traffic, even if some of their planes should be diverted to military use in an emergency. Percent increases earlier this year in revenue passenger miles flown by major lines ranged from 43 to about 77 percent, compared with last year.

So far as freight is concerned, the number of air express shipments handled on scheduled air lines in February was 455,315, up 57.2 percent from February 1950. Railway Express agency records show that for New York City alone air shipments incoming and outgoing, between March 1 and March 15, were 19.8 percent above last year and revenues from this traffic were up 37.6 percent.

All February shipments by air in pounds showed an increase of 131.2 percent and a gain of 88.8 percent in revenue, compared with February 1950, which is indeed an impressive record.

The rapidly rising acceptance of this mode of transport, with its increasing dependability of performance, would seem to make the future of the aircraft industry secure—even, if in the dim future, military orders should be pared severely.

Pennsylvania Endorses Bennett

The Council of Administration of the Pennsylvania Bankers Association has adopted a resolution endorsing Claude E. Bennett, Wellsboro, for election as vice-president of the American Bankers Association for the A.B.A. year 1951-52. The unanimously accepted resolution follows:

WHEREAS, Claude E. Bennett, President of the First National Bank of Wellsboro and President of the Tioga County Savings and Trust Company, Wellsboro, Pennsylvania, has for many years served the banking profession of his State and the Nation with honor and distinction to himself and banking.

AND WHEREAS, His service has included service to the Pennsylvania Bankers Association on many committees and as President, to the

American Bankers Association in many capacities, most recently as a member of the Executive Committee, as President of the State Bank Division and Chairman of the Federal Legislative Committee and in so doing Claude E. Bennett has demonstrated his willingness to serve his profession and his ability to accomplish the tasks before him

NOW THEREFORE, BE IT RESOLVED, That the Council of Administration of the Pennsylvania Bankers Association in regular meeting assembled, this 2nd day of April, 1951, does hereby heartily endorse Claude E. Bennett for election to the office of Vice-President of the A. B. A., for the year 1951-52, at the forthcoming annual Convention of the American Bankers Association.

PGE

Highlights of the Year's Operations... 1950



REPAIRING PG&E TRANS-BAY CABLE
"BAY 1" a trans-bay cable bringing power to San Francisco is being repaired following damage inflicted by a ship's anchor. San Francisco's skyline and San Francisco-Oakland Bay Bridge in background.

GROSS OPERATING REVENUES exceeded those of the previous year by \$20,213,000, or 9.3%, reaching a new peak of \$237,437,000. Moderately higher rates charged for both gas and electric service contributed to this gain.

SALES OF ELECTRICITY totaled 11,042,000,000 kilowatt-hours, and sales of gas 172,683,000,000 cubic feet, exceeding the corresponding figures in 1949 by 8.6% and 3.9%, respectively.

MORE NEW CUSTOMERS were connected to our lines than in any previous year, except 1948. The gain was 126,995, bringing to 2,386,210 the number served at the year-end in all branches of our operations.

CONSTRUCTION EXPENDITURES aggregated \$168,634,000, compared with the peak of \$192,480,000 established in the previous year. These expenditures will be further reduced in 1951.

THE "SUPER INCH" gas transmission line for the importation of gas from Texas and New Mexico into Northern and Central California was completed and placed in commercial operation at the end of the year.

NEW SECURITIES aggregating \$158,904,000 par value were successfully marketed. This was the largest financing ever carried on by the Company in a single year.

THERE WAS A GAIN of 10,031 in the number of those participating in the ownership of the Company. At the year-end the Company had 170,498 stockholders of record.

HIGHER ELECTRIC RATES totaling \$8,800,000 on an annual basis were placed in effect April 15, 1950. This was our first increase in electric rates in thirty years.

AN APPLICATION was filed with the California Public Utilities Commission to increase gas rates \$18,275,000 annually, effective in 1951. In January 1951 the Commission established interim rates increasing revenues \$7,000,000 annually, effective February 18, 1951, pending completion of hearings and final action on the application.

NET EARNINGS for the common stock were \$2.62 per share, based on average shares outstanding, compared with abnormally low earnings of \$2.10 per share in the previous year.


President

PACIFIC GAS AND ELECTRIC COMPANY 245 MARKET STREET
SAN FRANCISCO 6, CALIFORNIA

A copy of our 1950 Annual Report to Stockholders will be supplied upon request to E. J. Beckett, Treasurer



Dedication of the bank-sponsored Oregon Historical Caravan

New Products New Markets ... and now a **NEW NAME**

*ATF Incorporated
has become
DAYSTROM, Incorporated.*

Five years ago we embarked on a diversification program. New businesses, in the consumer fields, were acquired and expanded. Results have been satisfactory, and peacetime sales during the five-year period just ended averaged nearly five times the average of the half-decade preceding World War II.

One of our new businesses is the manufacture of Daystrom household furniture. Since our acquisition of this property and the inauguration of an expansion program under the capable and constant guidance of our professional management staff, this furniture has become known by brand name to millions of people. The name *Daystrom* will carry weight in the introduction and promotion of new products in new markets.

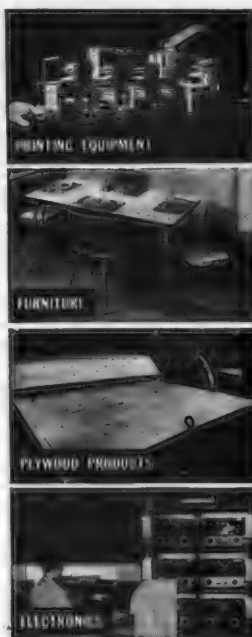
To reflect better the true character of our diversified operation in consumer fields, ATF Incorporated changed its name to Daystrom, Incorporated. The New York Stock Exchange symbol has become DYM. Our program remains: Continued developments and new products for better living.

DAYSTROM, INCORPORATED

(formerly ATF Incorporated)

This advertisement is set in ATF Bodoni Bold, Bodoni Book, and Bernhard Modern Bold type faces.

200 Elmora Avenue • Elizabeth B, N.J.



The Daystrom family of operations and products:

AMERICAN TYPE FOUNDERS, INC., with plants at Elizabeth, N. J., and Mount Vernon, N. Y. Manufacturer of letterpress, offset and gravure printing presses, foundry type and other equipment for the printing trades.

DAYSTROM FURNITURE, with plants at Olean and Friendship, N. Y., and Fullerton, Calif. Produces tubular steel and wood dinette sets.

DAYSTROM LAMINATES, INC., at Daystrom, N. C. Producer of hard plywood.

DAYSTROM ELECTRIC CORPORATION (formerly Frederick Hart & Co., Inc.), at Poughkeepsie, N. Y. Manufacturer of sound recorders and electronic instruments. Now engaged in defense production.

Bank Puts History on Wheels

THE United States National Bank of Portland, Oregon, in observance of its 60th anniversary, has developed an unusual public service project, the Oregon Historical Caravan.

The thrilling story of the Oregon country—its discoverers, explorers and settlers—has been put on wheels and will be taken to more than 100 communities in the state during 1951.

Two specially constructed steel buses carry the historical displays which are exhibited in 14 panels, each featuring a phase of Oregon history. The themes include Indians, Oregon exploration, fur traders, settlers, transportation, communications, life at home, government, education, agriculture, commerce and banking, industry, recreation and Oregon today.

Actual documents and articles have been loaned to the bank for use in the caravan by many museums, libraries and private citizens in various parts of the United States.

OFFICIAL dedication of the caravan took place in Portland. Governor Douglas McKay and Mayor Dorothy McCullough Lee participated. E. C. Sammons, president of the United States National Bank, was master of ceremonies.

This is the first time, the bank says, that private enterprise has given the people of a state the opportunity to see and understand that region's social, economic and geographic development.

Similar projects have been financed by public funds. An example at the national level is the inspiring Freedom Train which toured America. The states of New York and California have sponsored traveling historical expositions but those, too, were financed with public monies.

W. L. J. Davies, vice-president in charge of the United States National's public relations and new business department, is responsible for the caravan idea. The exhibits were developed during a period of several months by members of the bank's staff and its advertising agency.

BANKING

Richfield Reports

HIGHLIGHTS OF REPORT TO STOCKHOLDERS FOR 1950

Sales and other operating revenue during 1950 established a new record of \$154,946,000, approximately 26% higher than in any previous year.

Net income before federal income and excess profits taxes exceeded any prior year by approximately 30%. Net earnings after all charges were \$23,046,379, equal to \$5.76 per share.

Gross crude oil production in 1950 was 22,986,000 barrels, as compared to 17,582,000 barrels in 1949. Net crude oil production in 1950 was 16,953,000 barrels, an increase of 30.6% over 1949 and of 86.9% over 1948.

The Corporation's refinery exceeded previous records by processing 35,391,000 barrels of crude oil, an increase of 17.1% over 1949 and of 31% over 1948.

Total volume of refined products sold amounted to 37,361,000 barrels, an increase of 42.8% over 1949 and of 49% over 1948.

During the year \$28,530,000 were expended in the acquisition, improvement and development of properties. Of this amount approximately 78% was for the development of producing properties and related activities.

Gross crude oil and condensate reserves under properties of the Corporation proved for production have been estimated by DeGolyer and MacNaughton, independent petroleum engineers, to be 407,800,000 barrels, as of December 31, 1950. Of such reserves 92.5% have an A.P.I. gravity of over 30°.

Gross reserves of gas, as of December 31, 1950, have been estimated by DeGolyer and MacNaughton to be 947,400,000,000 cubic feet.

PRINCIPAL ITEMS CONTAINED IN FINANCIAL STATEMENTS

EARNINGS:	Year 1950	Year 1949
Gross sales and other operating revenue . . .	\$154,945,678	\$122,981,735
Net income before Federal taxes on income	32,796,379	25,234,099
Federal taxes on income:		
Normal tax and surtax	8,750,000	4,800,000
Excess profits tax	1,000,000	
Net income after all charges	23,046,379	20,434,099
Earnings per share of capital stock	\$5.76	\$5.11
 BALANCE SHEET ITEMS:		
Cash	\$ 11,738,522	\$ 9,457,776
United States Government securities	31,989,781	29,000,000
Accounts receivable:		
United States Government	3,660,812	2,104,244
Other, less reserve	13,417,474	11,937,976
Inventories:		
Crude oil and refined products	17,718,564	25,436,931
Materials and supplies	6,033,873	6,009,146
Total current assets	\$ 84,559,026	\$ 83,946,073
Deduct: Current liabilities	25,022,993	19,282,301
Net current assets	\$ 59,536,033	\$ 64,663,772
Long term debt	\$ 50,000,000	\$ 50,000,000
Capital assets	\$209,556,325	\$184,916,967
Less: Reserves for depreciation, depletion, and amortization	101,149,536	91,989,786
Net capital assets	\$108,406,789	\$ 92,927,181

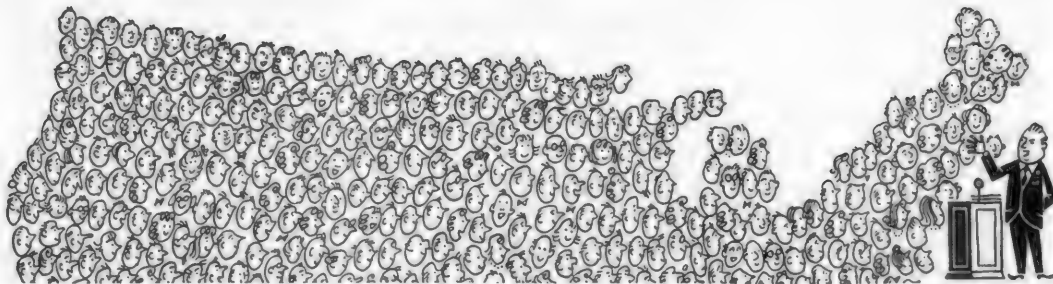


Richfield OIL CORPORATION

EXECUTIVE OFFICES: 555 SOUTH FLOWER STREET, LOS ANGELES 17, CALIFORNIA



For full details, write for your copy of the 1950 Annual Report to the Secretary of the Corporation.



THE FUTURE OF THE FAMILY DOLLAR



BANKING'S National Finance Forum

PERSONAL FINANCES

?

As my collection of Savings Bonds approaches maturity, I am reminded that the decrease in the purchasing power of the dollars I invested is considerably greater than the accrued interest over the 10-year term of the bonds. In view of the prospect for further inflation, should I continue to buy these bonds for other than patriotic reasons?



Answered by
MABEL F.
THOMPSON, as-
sistant sec-
retary, Union
Dime Savings
Bank, New
York, N. Y.

✓

THE patriotic reason is the most vital reason for buying Savings Bonds, because failure to buy bonds and to support the Government in a time of war or threatened

war is tantamount to selling out to the enemy! We may be fearful of further inflation and depreciation of the dollar, but a third world war would be infinitely worse and failure to support our way of life might mean the loss not only of our money but of our very liberty.

Buying Savings Bonds helps to put our defense program on a pay-as-you-go basis, and at the same time it helps to reduce the inflationary pressures. Failure to buy—and hold—bonds will contribute to further inflation, while every dollar put into bonds reduces the amount spent for consumer goods and so is not helping to bid up prices—and that is important to each one of us as consumers.

But the *other* than patriotic reasons? Every person buying Savings Bonds is helping himself and his family—he is storing up dollars for future use. True, the dollar may not buy as much, but money put into bonds is money set aside for use in case of need. I would say, therefore, "Continue to buy Savings Bonds—for your country's sake—and for your own sake—to help keep our

economy stable—for greater peace of mind—and to build up a cash reserve for the future."

INVESTMENTS

?

In our increasing inflation what type of investment is the most secure: money, high grade bonds, common stocks, real estate?



Answered by
JAMES W. WOOSTER, JR., finan-
cial associate,
The Common-
wealth Fund,
New York, N. Y.

✓

THE implication of the word "increasing" in this question seems to me to be the assumption that inflation is a one-way street, and that, once embarked upon it, there is no turning back, but merely the question of the rate of speed at which it will continue to snowball.

(CONTINUED ON PAGE 82)

A NATION'S SCHOOLROOM



Birthplace of McGuffey's Readers...



A woman's prayers, overheard in a lonely forest, launched the career of one of America's foremost educators, William Holmes McGuffey. While riding along a trail in 1818, the Reverend Thomas Hughes, a prominent pioneer, heard a woman praying that her children might receive an education. As a result of his investigation he arranged to have her stepson William McGuffey attend the Old Stone Academy in Darlington, Pa. Though the family considered this episode a miracle, in later years McGuffey himself used to remark quizzically that his practical stepmother probably timed her prayer to be heard both by the Almighty and His earthly representative.

Born on the Pennsylvania frontier in 1800, McGuffey as a boy received only rudimentary education. Even after entering the academy his home duties prevented full-time attendance. He memorized his lessons, however, and recited them aloud while at his chores, thus developing his renowned oratorical ability and the memory which enabled him to repeat verbatim many books of the Bible.

After working his way through Washington College and teaching summers, McGuffey became a professor at Miami University in Oxford, Ohio. Here in 1833 he and his wife moved into their new home (now owned by Miami University) where the idea was born for the readers which made his name a household word. Here, with his own and neighbors' children, he tested his theories of education, often holding classes outdoors with pupils seated on logs. His highly successful series of readers incorporating his teaching methods proved far superior to earlier textbooks not only in their carefully graded material but in the use of numerous illustrations which appeared in later editions.

A striking figure in his black bombazine suit and stovepipe hat, McGuffey was an unforgettable teacher and his readers had untold influence on the mental and moral development of generations of schoolchildren.

The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

★ THE HOME ★
Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds
Copyright 1951, The Home Insurance Company

(CONTINUED FROM PAGE 80)

Unfortunately, it is true that an inflation is a vicious circle which tends to feed upon itself. It is also true that an inflation, once started, is difficult and painful to control. Moreover, our experience in this country, particularly since World War II, has been one of an almost uninterrupted inflation in living costs, and hence, a proportionate deterioration in the purchasing power of the dollar.

Before considering the four specific types of investment named in this question, there are one or two general observations which have a bearing upon the subject of inflation. Over a long period of years, decades, or even centuries, there is a well-defined trend toward that kind of inflation which finds reflection in a decline in the purchasing power of the monetary unit. But this trend is not one that progresses at an even pace; it is punctuated by periods, often extending over a number of years, when prices are in a deflationary cycle, and dollars become increasingly valuable in relation to goods. The early 1930's were such a period of comparatively recent, and painful, memory, but there have been many others. Wars generally, and logically, give a tremendous impetus to the inflation trend, and are often followed, after a few years of abnormal demand for goods to make up for war-deferred needs, by a period of deflation. We may have been approaching such a pe-



Going over the program of the financial forum of The Pennsylvania Company for Banking and Trusts, Philadelphia, are: William Fulton Kurtz, president of the bank, and Mrs. Elizabeth Harrison Walker, New York economist and daughter of President Benjamin Harrison, who spoke at the first of the four weekly forum meetings.

riod a year or so ago until the threat of a new major war became the controlling factor in our economy.

Protection against inflation is a very tricky thing. It cannot be achieved to any substantial degree, and an all-out attempt, investment-wise, to beat it, involves the assumption of extraordinary risks. Inflation is but one of many hazards in attempting to conserve capital. At times such as the present it must be recognized as a serious problem, and some counter measures appear appropriate, such as a little greater weight on common stocks, especially in those industries least likely to be harmed by inflation's continuance. However, money in the bank and a backlog of high grade bonds are the

indispensable foundation for any sound, conservative investment plan, in good times and bad, inflation or deflation. Real estate, over and above that used in one's business, or for living quarters, poses many problems of management and operation, especially for smaller investors. And, for what it may be worth, let us not forget that when inflation psychology is at a high point and the buying power of the dollar appears headed ever lower, it has often proven, in retrospect, to have been the time when the problems of the immediately succeeding years have been how to arrest deflation, rather than control inflation.

HOME OWNERSHIP, MORTGAGES

I find I have a little cash ahead and could pay a little more off on my mortgage than the monthly payment requires. Should I ask the bank if it would accept a lump sum payment on my mortgage and thus shorten the time in which I must pay? Or must I pay through the period specified in our original agreement?

?



Answered by
MILES L. COLEMAN, building adviser, House Beautiful; Consultant to the Twentieth Century-Fund.

How Would YOU Answer?

In presenting **BANKING'S** National Finance Forum, the editors are aiming at information on the general topic of "How can we best conserve the value of property in these unconservative times?"

The editors realize that this is hardly a single topic. So they broke it down into various categories and presented questions to widely known experts in each field. Here are the answers of the panel



of experts.

Do you agree with them? Would your answer to a customer in your bank have been slanted along different lines? Do you think any answer would be bettered by elaborating upon it?

BANKING would be glad to hear from you. Maybe you'd like to suggest a question rather than an answer. Your letter would be just as welcome.

✓

IT is always a good idea, from your point of view, to have the mortgage agreement so worded that you can make additional payments on the loan as funds become available. Actually, lenders are usually agreeable to such additional payments, or even to a complete repayment of the mortgage before the due-date, provided it is clear that you are not simply refinancing your mortgage with another lender.

However, the urgency for—and even the wisdom of—making such additional payments is less in a period of rising prices than it is in a period of falling prices, particularly if you have other more profitable uses

(CONTINUED ON PAGE 86)



The First National Bank of Chicago

Board of Directors

Edward E. Brown
Chairman of the Board

Leopold E. Block
Chairman, Finance Committee,
Inland Steel Company

Augustus A. Carpenter
Director, Hills-McCanna
Company

J. D. Farrington
President, Chicago,
Rock Island and Pacific
Railroad Company

James B. Forgan
Vice-Chairman of the Board

Walter M. Heymann
Vice-President

Henry P. Isham
President, Clearing Industrial
District, Inc.

James S. Knowlson
Chairman of the Board
and President,
Stewart-Warner Corp.

Homer J. Livingston
President

Hughston M. McBain
Chairman of the Board,
Marshall Field & Company

Bentley G. McCloud
Banker

Harry C. Murphy
President, Chicago, Burlington
& Quincy R. R. Co.

James Norris
President, Norris Grain Co.

James F. Oates, Jr.
Chairman, The Peoples Gas
Light and Coke Co.

Statement of Condition April 9, 1951

ASSETS

Cash and Due from Banks	\$ 587,909,836.21
United States Obligations—Direct and Guaranteed	
Unpledged	\$ 312,559,673.35
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order	303,923,078.25
To Secure Trust Deposits	77,568,041.00
Under Trust Act of Illinois	512,000.00
Other Bonds and Securities	133,295,369.75
Loans and Discounts	1,013,858,179.94
Real Estate (Bank Building)	2,167,092.97
Federal Reserve Bank Stock	4,800,000.00
Customers' Liability Account of Acceptances	2,272,968.95
Interest Earned, not Collected	5,545,496.88
Other Assets	1,549,887.82
	<u>\$2,445,961,625.12</u>

LIABILITIES

Capital Stock	\$ 75,000,000.00
Surplus	85,000,000.00
Other Undivided Profits	4,098,854.51
Discount Collected, but not Earned	2,047,739.12
Dividends Declared, but Unpaid	1,500,000.00
Reserve for Taxes, etc.	25,341,475.64
Liability Account of Acceptances	3,678,256.72
Time Deposits	\$ 452,997,260.57
Demand Deposits	1,513,513,017.05
Deposits of Public Funds	282,784,961.10
Liabilities other than those above stated	60.41
	<u>\$2,445,961,625.12</u>

John P. Oleson
Banker

R. Douglas Stuart
Vice-Chairman,
Quaker Oats Company

Louis Ware
President, International
Minerals & Chemical Corp.

Albert H. Wetten
President, A. H. Wetten & Co.

Harry A. Wheeler
Banker

C. J. Whipple
Chairman of the Board,
Hibbard, Spencer, Bartlett & Co.

John P. Wilson
Wilson & McIlvaine

Robert E. Wilson
Chairman of the Board,
Standard Oil Company
(Indiana)

Robert E. Wood
Chairman of the Board,
Sears, Roebuck and Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

These Women's Finance Forums

WILLIAM A. IRWIN

DR. IRWIN is economist of the American Bankers Association, associate director of The Graduate School of Banking, and secretary of the A.B.A. Economic Policy Commission. His numerous appearances on the programs of women's finance forums prompted this "Letter to the Editor," setting forth his considered reactions on this important new field.

THESE women's finance forums are really something! You may read about them, speculate as to the reasons for their success, raise your eyebrows in surprise as you examine the statistics on attendance, even make uncomplimentary remarks about a woman's capacity to understand "finance," or look at the forums from any other angle you please. But when you have actually been a participant in a few of them, as this scribe has recently been, you find new measures by which to gauge them.

When they were first started, the idea back of the move undoubtedly was that they would have great public relations value for the institutions that sponsored them. There can now be little doubt that this has proved true, or that the pioneering banks have already reaped a rich harvest of mutual understanding with their women customers. But other significant results have been achieved too.

For example:

(1) Thousands of women have received in these forums the basic fundamentals of a financial education covering money, inflation, taxes, government finance, life insurance, securities, home ownership, mortgages, trusts, estate planning and preservation, and wills. That is no small accomplishment.

(2) The thirst of these women for just such knowledge has been so whetted that they have frequently asked for either a repeat series or a continuation of it that will deal with still more financial topics. Their innate curiosity has been only partially

answered; their intellectual capacity has been only partially challenged.

(3) Many of these women have become like crusaders in their own circles, enthusiastically telling their menfolk, their neighbors, and their friends about the enlightenment the forums have given them. Indeed, as the record shows, they have even pleaded that their men be either invited to the meetings or offered a similar series "for men only." The domestic, community, and political potentialities of this fact can only be imagined. But, in this scribe's opinion, bankers would be wise *not* to assume that their men customers are better informed along financial lines than are the women.

(4) They have learned, these women participants, where to turn for expert counsel with respect to investments, insurance, annuities, estates, wills, and so forth. Incidentally, they have been agreeably surprised to learn how much information and advice may be had for the asking, and how much readable literature on financial topics is available to them at no cost whatever or at a merely nominal price. One direct result of this will be that many of them will increase their knowledge of financial affairs by further reading and study, because a considerable percentage of them are college-trained women, with the intellectual curiosity of their kind.

"DOCTOR BILL" IRWIN



These things add up to a fine educational result. But there is another aspect of these forums that is of still greater significance. *They are a real public service, rendered by the banks at a crucial period in the economic history of America.*

This country has seldom been in as great financial danger as now. Inflation has become more than a threat; it is a present reality and even a harbinger of economic catastrophe. No intelligent banker, and no intelligent citizen, can ignore that fact. Hence the banker is in his natural role when he attempts to arouse people about its existence, its causes, and the cure for it.

Timing Is "Opportune"

So, if the banks of America had waited a century for an opportunity to render a constructive public service, they could not have found a more opportune time to do it than right now. In rendering that service, banks are placing themselves in the very forefront of the forces that are fighting America's greatest internal enemy, inflation. By enlisting the active interest of housewives, business women, and the working girls in this fight, and by informing them of its true economic nature, the banks are contributing substantially to an enlightened public opinion and gaining recruits for the forces that can win the struggle for national financial sanity.

The intelligent and progressive women who are flocking to these forums will be writing to their Congressmen and their Senators, asking questions that demand answers, protesting against wasteful governmental spending, and urging a halt in the descent to economic chaos. They are learning more fully than ever before that good national housekeeping, like good domestic finance, demands that government live within its means. The politicians will be hearing from them!

The bankers have not missed the boat this time! These women's finance forums are **REALLY** something!



GULF OIL CORPORATION

REPORTS ON ITS ACTIVITIES

FOR 1950



CONSOLIDATED BALANCE SHEET, December 31

ASSETS			LIABILITIES		
	1950	1949		1950	1949
Cash and marketable securities	\$ 202,356,405	\$ 118,388,174	Current liabilities	\$ 205,659,417	\$ 142,139,402
Receivables (Net)	116,544,175	83,403,936	Long-term debt	185,301,460	189,969,415
Inventories	142,386,348	146,195,145	Reserves	29,408,826	18,382,941
Total current assets	\$ 461,286,928	\$ 347,987,255	Long-term unadjusted credit	25,658,848	32,828,580
Special deposits	18,137,899	8,790,111	Capital stock	283,631,250	283,631,250
Investments and long-term			(11,345,250 sh. outstanding)		
receivables (Net)	148,673,094	151,178,522	Capital surplus	73,190,861	73,190,861
Properties, plant and			Earned surplus	541,506,922	475,748,317
equipment (Net)	704,723,265	693,655,122			
Other assets	11,536,398	14,279,756			
TOTAL ASSETS	\$1,344,357,584	\$1,215,890,766	TOTAL LIABILITIES	\$1,344,357,584	\$1,215,890,766

CONSOLIDATED INCOME STATEMENT

	1950	1949
Net sales and other revenues	\$1,157,150,921	\$975,201,393
Expenses:		
Cost of sales, operating and general expenses	\$ 847,593,863	\$741,055,775
Provision for plant exhaustion	109,655,657	98,380,098
(Including dry holes and incomplete wildcat wells)		
Interest	5,238,575	5,117,275
Employees pension, savings and incentive plans	20,065,130	17,236,668
Total Expenses	\$ 982,553,225	\$861,789,816
Income before income taxes and special credit	\$ 174,597,696	\$113,411,577
Provision for income taxes (Federal, state and foreign)	64,796,761	19,952,565
INCOME BEFORE SPECIAL CREDIT	\$ 109,800,935	\$ 93,459,012
Special credit—Texas Gulf Sulphur stock sales (Net of tax)	1,338,670	7,418,029
NET INCOME	\$ 111,139,605	\$100,877,041

FINANCIAL AND OPERATING HIGHLIGHTS

	1950	1949
Net income per share	\$ 9.80	\$ 8.89
Cash dividends paid per share	\$ 4.00	\$ 3.75
Stockholders' equity per share (Net worth)	\$79.18	\$73.38
Working capital (Net current assets)	\$255,628,000	\$205,848,000
Expenditures for plant and related assets	\$129,350,000	\$174,461,000
Net crude oil produced—Total barrels	173,794,000	147,652,000
Daily average barrels	476,147	404,525
Crude oil processed at U. S. refineries—Total barrels	163,657,000	138,788,000
Daily average barrels	448,375	380,241
Refined products sold—Total barrels	172,615,000	144,530,000
Daily average barrels	472,917	395,972

The foregoing facts are summarized from the 1950 Annual Report of Gulf Oil Corporation and Subsidiary Companies Consolidated, released on March 21, 1951. A limited number of copies of the report are available upon request to Gulf Oil Corporation, P.O. Box 1166, Pittsburgh 30, Pennsylvania.

The Future of the Family Dollar

(CONTINUED FROM PAGE 82)

for your money. On the other hand, the average homeowner ordinarily has some difficulty in obtaining a higher yield on his savings than the rate of interest he is paying on the mortgage loan. If that is the case, then of course the best investment is to pay off the mortgage and save the interest.

WILLS, TRUSTS, ESTATES

?

I have a secure life income to take care of me; will there be less tax if I give my estate to my family before death instead of waiting for will settlement?



Answered by
NANCYE B. STAUB, assistant trust officer, Morristown Trust Company, Morristown, N. J.

✓ IF your estate is substantial, there are advantages in giving away part of it while you are alive. If your gifts exceed your lifetime exemption of \$30,000 (if given to a spouse the amount is \$60,000) and your annual exclusions of \$3,000 to each donee, (to a spouse \$6,000) the amount in excess of these figures is subject to gift tax. The gift tax, however, is only three-quarters of the Federal estate tax rate.

In effect, the saving is greater than it appears, because by making a gift the amount given is taken off the top brackets for Federal estate tax purposes and becomes subject to gift tax in a lower bracket. The gift tax is payable by the donor, which also reduces the taxable estate.

Gifts may be made jointly by husband and wife even though the property may originally belong to one spouse. Assuming that neither hus-

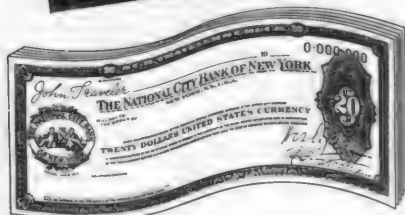
band nor wife has used any part of the lifetime exemption, they may jointly make gifts free of gift tax, of \$60,000, plus \$6,000 annually to each donee.

It is unwise, however, for one to give away his entire estate to save taxes. The estate does not become subject to Federal estate tax until it reaches \$60,000. If at least one-half of it is given to a spouse the estate must exceed \$120,000 before becoming subject to Federal estate tax. The other tax to be concerned about is that payable to the state of domicile, usually referred to as inheritance tax. If the estate is given to members of your family that tax is minimized because the closer the relationship the larger the exemption, and in most states, the lower the rate of tax.

Retain for Contingencies

In making gifts one should retain an amount sufficient to guarantee protection against unexpected contingencies such as illness, accidents, increased needs of older persons and the change in the purchasing value of the dollar. (END)

Do the travelers checks you sell
have all these advantages
for you and your customers?



Are they known and accepted all over the world? NCB Travelers Checks are famous everywhere. They have been used by experienced travelers the world over for nearly a half century.



Are they safe...and spendable everywhere? NCB Travelers Checks are accepted just like cash. If they are lost or stolen, the owner receives a full refund—a guarantee backed by this great world-wide bank.



Do you get ALL the selling commission?

You keep the ENTIRE sales commission—\$7.50 on each \$1,000 of NCB Travelers Checks sold.

If you do not already sell NCB Travelers Checks, write for complete details and free sales helps.

THE NATIONAL CITY BANK OF NEW YORK

First in World Wide Banking

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Member Federal Deposit Insurance Corporation

New Business in Existing Wills

EARL S. MacNEILL

The author is vice-president of the Irving Trust Company, New York.

AN item in the *New York Law Journal* starts a train of thought:

Matter of ———, deceased. Two instruments have been offered for probate, one dated September 19, 1911, and a codicil thereto dated April 30, 1913, each of which was subscribed by two witnesses. The proponent has proved the handwriting of the decedent and of the subscribing witnesses to the instrument dated September 19, 1911, and the court being satisfied of decedent's testamentary capacity, freedom from restraint and of the genuineness and the validity of execution of such instrument as her will, probate thereof is hereby decreed. Proponent's inability to prove the handwriting of both witnesses to the codicil, as required by section 142, Surrogate's Court Act, necessitates denial of probate of that instrument.

The train of thought moves like this: A large part of trust company advertising directed toward obtaining appointment as executor and trustee is based on the assumption that the reader has never made a will. Yet probably more people—of those with sufficient means for us to serve them—have made wills than have not. Many of these are *old* wills, totally unsuited to the maker's present circumstances. His family has increased and his fortune also; changes in the tax laws offer benefits that he has not taken. Many are *poor* wills, inexpertly planned or written. And too many appoint as executors and trustees individuals who are not merely inexperienced but are temperamentally unsuited for the tasks involved.

Here is a greater market for our services than exists among those who have made no wills at all. I say this because in the rounds of trust solicitation I don't find so many people who *haven't* made wills; the people I talk with *have* made wills but for one reason or another are impelled to make new ones.

In the majority of cases, I suppose, the impulses are more or less spontaneous. At least they have not been fired by any specific act of ignition on our part. But it is interesting to note how, on occasion, some piece of promotion material has struck home with particular success—disclosed a weakness or inspired a fear, from which action has followed.

Probably the most effective spur to revision of wills is illustration of the weaknesses and dangers of the "simple will"—the kind that gives "all to wife." Recently a customer came in with a little article studiously underlined.

"This scared the daylight out of me," he said.

His will gave all to his wife; she had no will. The husband had children by a prior marriage. The article had awakened him to the possibility that if he

died first, and his wife didn't live long enough after him (as might happen in the case of a common accident) to make a will which would do the right thing by his children, then his estate would go to his wife's relatives—an awful thought!

Another vice of the simple will is its insufficiency with respect to afterborn children. Many a will exists, giving all to wife, where children have been born since the will was written; and the will is silent on the subject of offspring. In some states such a will would be canceled utterly and the husband's estate would be divided just as if he had made none. In New York, and many other states, the will would stand, save only that the afterborn children would be entitled to their intestate shares, just as if there had been no will. The New York widow would be entitled to only one-third; and even if there were but one child that child would be entitled to two-thirds. If a minor, the child would have no choice in the matter; a guardian would be appointed to receive and administer the property for him under the watchful eye of the court.

Witness Troubles

The *Law Journal* article started this course of thinking because it, too, discloses potential weaknesses in many existing wills. In fact, the story affords a double-tracked approach.

First, it offers an argument against multiplicity of codicils. Some people, as you know, have codicilitis. They do not stop to think that a will and its codicils must be proved in court. The circumstances of the signing must be told; the witnesses must appear or, if they cannot be produced, the genuineness of their signatures must be established by acceptable evidence. Usually there are different sets of witnesses in the various documents, which may mean a considerable extra expense in fees and transportation allowances.

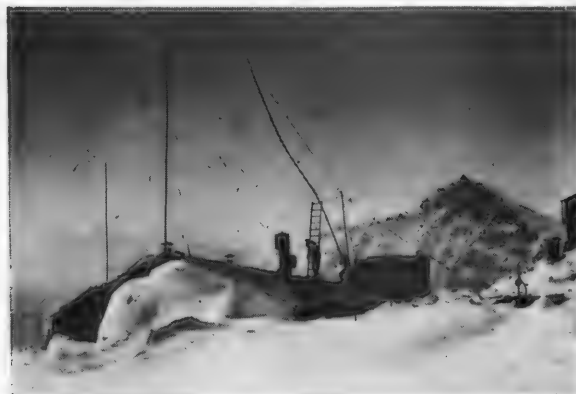
Then there's the second approach. Some moralizing on the accessibility and identifiability of witnesses. Take any *old* will. Where, oh where, are its witnesses now? They may have moved away; or the testator may have moved away from them. The witnesses may be dead or they may simply have disappeared into the limbo of forgotten acquaintances. Were they ever really known? Witnesses often are called in quite casually. Some effective preaching can be done about the wisdom of having witnesses whose employment is such that their whereabouts can be readily traced or their signatures verified if their persons cannot be produced.

In none of these approaches is there any recital of the virtues of the corporate fiduciary. But people will come in to talk about their affairs; then it's up to the trust officer.



ORANGES? No, these are U-S-S Grinding Balls, widely used by industry to powder almost to talcum fineness such tough substances as cement, clay, silica sand and iron ore. Made to exacting specifications of hardness and toughness, these steel "oranges" provide further proof that only steel can do so many jobs so well.

7 YEARS IN THE ANTARCTIC. Exposure to years of sub-zero temperatures had little effect upon the operation of two diesel-electric plants made by Witte Engine Works, now part of U.S. Steel. Originally taken to Palmer Land by the Byrd Expedition, they provided the camp with power 24 hours a day. Seven years later, the Ronne Expedition to the Antarctic got electric light and power from the same two units . . . after they had remained seven years in the "icebox!"



28,000-POUND BOMB LOAD. The new B-50 is now equipped with two huge auxiliary fuel tanks that extend the plane's range considerably. The building of aircraft like this requires large quantities of steel . . . and because United States Steel is large, and has steadily increased its capacity for turning out steel, it can supply vital steel for such mobilization "musts" as this, as well as for many essential peacetime products of steel.

FACTS YOU SHOULD KNOW ABOUT STEEL

Today, United States Steel and the more than two hundred other American steel companies can make 11 million more tons of steel annually than in 1944—which was the peak steel-producing year of World War II.



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DOME OF STEEL. This pattern against the sky is formed by sturdy ribs of steel in the roof structure for a column-free building in Texas. Fabricated and erected by United States Steel, the domed unit rests on ball and socket bases. United States Steel supplies steel for everything from churches to chicken houses, skyscrapers to steam plants, bridges to boats.



MAN'S BEST FRIEND has found luxurious quarters in kennels of U.S.S. Stainless Steel at The University of Georgia's School of Veterinary Medicine. Ideal for so many peacetime purposes because of its good looks, corrosion-resistance, and strength, stainless steel will play an important role in America's huge mobilization program, too.

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BANK LAW NEWS

MICROFILM STATUTES

Bank record admissible only as secondary evidence even though state enacted photographic evidence statute.

Under ordinary rules of law, photographic copies of records are secondary evidence, less readily admissible than original records, which are considered primary evidence.

Accordingly, banks and other business firms have sought passage of laws making photographic copies of business records as readily admissible in evidence as the originals, and so-called photographic evidence statutes have now been enacted in at least 37 states.

However, the extent to which

these statutes will simplify the admission in evidence of photographic copies of business records depends not upon their titles, but upon the wording of the statutes themselves. This is illustrated in a recent decision of Georgia's Court of Appeals.

A surety company, as assignee of a bank, sued one Williams to recover the amounts of checks which he had drawn on the account of his employer and which the bank had paid,

(CONTINUED ON PAGE 92)

A.B.A.-Recommended

"Better Banking Statutes"

SINCE 1906 the American Bankers Association has recommended for enactment in the states various statutes designed to provide uniformity in banking operations, to protect banks from unwarranted liability and, generally, to promote "better banking."

There are currently 34 such statutes. Their titles are listed below, according to the number of states in which they have been enacted. The year in which each statute was drafted is noted after its title.

Title of Act	Number of States (incl. D.C.) in which Enacted
1. Uniform Negotiable Instruments Act—1896	49
2. Uniform Warehouse Receipts Act—1906	49
3. Uniform Stock Transfer Act—1909	49
4. Check or Draft Without Funds Act—1919	49
5. Federal Tax Lien Registration Act—1926	48
6. Repeal of Double Liability of State Bank Stockholders—1935	46
7. Deposits in Two Names Act—1915	45
8. Lien of Federal Judgments: Filing and Recording Act—1923	43
9. Slander and Libel of Bank Act—1907	41
10. False Statements for Credit Act—1909	40
11. Deferred Posting Statute—1948	40
12. Deposits in Trust Act—1910	38
13. Payment of Forged or Raised Check Act—1910	38
14. Burglary with Explosives Act—1913	37
15. Forwarding Check Direct to Payor Act—1916	36
16. Uniform Sales Act—1906	35
17. Time Limit on Stop Payment Act—1922	32

Title of Act	Number of States (incl. D.C.) in which Enacted
18. Uniform Bills of Lading Act—1909	32
19. Competency of Bank and Corporation Notaries Act—1908	30
20. Payment of State Check Act—1923	28
21. Uniform Trust Receipts Act—1936	28
22. Robbery with Dangerous Weapon Act—1925	28
23. Non-Payment of Check Through Error Act—1914	24
24. Adverse Claim to Bank Deposit Act—1921	24
25. Saturday Afternoon Bank Transactions Act—1917	21
26. Uniform Fiduciaries Act—1919	20
27. Non-Member Bank Reserve Act—1942	20
28. Bank Collection Code—1929	19
29. State Arbitration Act—1925	15
30. Uniform Principal and Income Act—1924	14
31. Final Adjustment of State-ments of Account Act—1927	13
32. Fictitious Payee Act—1931	12
33. Holiday Bank Transactions Act—1938	12
34. Negotiability of Interim Cer-tificates Act—1926	3

As of December 31, 1950, there had been a total of 1,060 enactments of these statutes. In the accompanying table the states are ranked according to the number of statutes which they had enacted, in either recommended or modified form, as of that date.

State	No. of Statutes Enacted	Percent of Statutes Enacted
Oregon	30	88
Idaho	29	85
New Jersey	28	82
New Mexico	28	82
Pennsylvania	28	82
Wisconsin	27	79
Louisiana	26	76
Michigan	26	76

State	No. of Statutes Enacted	Percent of Statutes Enacted
Utah	25	74
Alabama	24	71
California	24	71
Illinois	24	71
Indiana	24	71
Maine	24	71
Maryland	24	71
Missouri	24	71
North Carolina	24	71
Arizona	23	68
Nevada	23	68
New York	23	68
Ohio	23	68
Oklahoma	23	68
Connecticut	22	65
Texas	22	65
Wyoming	22	65
Massachusetts	21	62
North Dakota	21	62
Washington	21	62
West Virginia	21	62
Arkansas	20	59
District of Columbia	20	59
Virginia	20	59
Florida	19	56
Iowa	19	56
Nebraska	19	56
South Dakota	19	56
Delaware	18	53
Minnesota	18	53
Montana	18	53
Vermont	18	53
Kansas	17	50
Kentucky	17	50
Georgia	17	50
Mississippi	17	50
Tennessee	17	50
New Hampshire	16	47
Rhode Island	16	47
South Carolina	16	47
Colorado	15	44

Copies of any of the statutes or information concerning them may be obtained from Thomas B. Paton, secretary of the American Bankers Association Committee on State Legislation.

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STATE, LOCAL AND CITY TAXES • SOCIAL SECURITY • GOVERNMENT CONTRACTS •
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CANADIAN TAXES • SECURITIES • RAILROAD UNEMPLOYMENT INSURANCE • LABOR
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CANADIAN LABOR • GOOD • CAPITAL CHARGES • MOTOR CARRIERS •
BANKRUPTCY • STOCK TRANSFERS • INTERSTATE SALES TAXES
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REFRIGERATION MACHINERY industry of the Los Angeles Metropolitan Area ranks first in the nation in this field. Latest official census figures (covering firms primarily engaged in this work) set the annual dollar value added by manufacture at more than \$17,800,000. Employees number in excess of 3,600.

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Statement of Condition

March 31, 1951

RESOURCES

Cash and Due from Banks	\$ 301,176,444.03	
U. S. Government Securities	\$883,759,192.58	
State and Municipal Securities	58,317,681.53	
Other Bonds and Securities	16,785,181.46	958,862,055.57
Loans and Discounts		448,289,202.31
Earned Interest Receivable		5,071,648.47
Customers' Liability under Acceptances and L/C		4,859,039.90
Bank Premises		4,501,505.20
Other Assets		293,900.30
TOTAL		\$1,723,053,795.78

LIABILITIES

Capital	\$ 30,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	39,195,779.98	\$ 99,195,779.98
Reserves for Interest, Taxes, etc.		14,130,856.91
Interest Collected—Unearned		3,188,458.79
Acceptances and Letters of Credit Liability		4,878,504.65
Other Liabilities		193,945.02
Deposits—Time	\$ 596,080,743.84	
—Demand	1,005,385,506.59	1,601,466,250.43
TOTAL		\$1,723,053,795.78

Securities carried at \$172,165,558.50 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

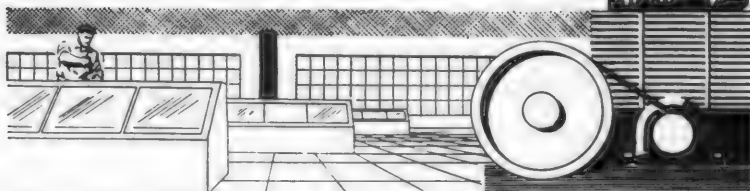
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Member Federal Reserve System
Member Federal Deposit Insurance Corporation



(CONTINUED FROM PAGE 90)

after it had allegedly received notice that Williams' authority to draw checks had been terminated.

At the trial the surety company offered in evidence a photostat of a letter from Williams' employer to the bank, notifying it of the termination of his authority. The trial court admitted the evidence, and then held that Williams had drawn the checks without authority, and granted recovery to the surety company, to which the bank had assigned its rights against Williams.

However, the trial court admitted the photostat only as secondary evidence and the appellate court upheld its action. This was despite the fact that Georgia has a statute providing: "That any photostatic or microphotographic or photographic reproduction of any original writing or record which may be or has been made in the regular course of business to preserve permanently by such reproduction the writing or record shall be admissible in evidence . . . in lieu of and without accounting for the original of such writing or record. . . ."

Both courts were apparently agreed that the letter was not "one of the kinds of instruments which are customarily photostatted by banks in the due course of business for the purpose of the transaction of business in permanently preserving the records." Accordingly the photostat was admitted only after an officer of the bank testified that he had received the original letter, that the bank had had a photostat of it made for their attorneys in order to keep the original letter in their files, that the original letter had been lost and could not be located, that the photostat was made in the regular course of business, that he recalled seeing the original letter and that the photostat was a copy of the original.

One judge of the appellate court went even farther. He apparently felt that instead of admitting the photostat as secondary evidence, the trial court should not have admitted it at all. He dissented from the majority opinion, arguing that there had been "no sufficient accounting for the original of the letter to authorize the admission of a photostatic copy in evidence."

The Georgia photographic evidence statute "substantially enacts" the Uniform Photographic Copies of

Business Records as Evidence Act, now enacted in at least eight states. *Williams v. American Surety Co.*, 62 S.E. 2d 673. *Paton's Digest*, Banks & Banking §18B:4.

STOPPING PAYMENT

Stating amount of check incorrectly does not invalidate stop payment order.

In Kentucky it has been held that payment may be stopped on a check "where a bank is given positive and unqualified notice," and there is authority to the effect that the essential part of any such notice is the amount of the check. Yet Kentucky's Court of Appeals did not follow this view of the law in a case where the drawer, in ordering payment stopped on its check, erroneously stated its amount.

The check in question was drawn in the amount of \$1805. The drawer, due to a mixup in its books, ordered payment stopped on a check in the amount of \$1634.94. However, the drawer did correctly state the number and date of the check and the payee's name, and informed the bank's president that the check was the only one which the drawer had made out to the payee.

Under these circumstances, the court held, failure to give the correct amount of the check was not controlling, and the bank was held liable to the drawer for its failure to stop payment. *Kentucky - Farmers Bank v. Staton*, 235 S.W. 2d 767. *Paton's Digest*, Stopping Payment §4.



"Oh, barge right in, Mr. Robinson. It's just one of his bridge cronies. I heard them chatting about a reserve system or something"

F&D has specialized for 60 years in meeting the bonding and insurance needs of banks and other financial institutions, and makes its services readily available to them through more than 9,000 experienced local representatives.

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COMPANY OF MARYLAND

Founded 1890-Baltimore, Md.

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE



Other Organizations



The Central States Conference held its 40th annual meeting in Des Moines on March 22 and 23. The conference consists of the presidents, vice-presidents and secretaries of the state bankers associations of Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin. Officers elected for the year 1951-52 were: *president*, James C. Scarborough, secretary, Colorado Bankers Association; *1st vice-president*, Carl Swanson, secretary, Nebraska Bankers Association; *2nd vice-president*, Robert E. Pye, secretary, Minnesota Bankers Association; *secretary-treasurer*, Jeff Burnett, secretary, Arkansas Bankers Association. Features of the meeting were addresses by Harold B. Asplin, president, Michigan Bankers Association, and vice-president, National Bank of Detroit; Dr. Harold Stonier, executive manager, American Bankers Association; D. J. Needham, general counsel, A.B.A., and Fred O'Hair, executive director, Nebraska Conservation Foundation



At the Florida Bankers Association convention in April, American Bankers Association President James E. Shelton said, in discussing the national economy and the defense mobilization, "We must now choose the road which we shall take from here on out. This is a critical year when important policy decisions must be made.

"Our problem," said Mr. Shelton, "is to divert the requisite manpower and productive effort into the military program without needlessly disrupting our essential domestic economy. It will call for sacrifice; it will call for readjustments. Yes, and it will bring about many inequities and even injustices. These must be minimized or eliminated as they become apparent. But the big thing is we must get the job done . . .

"We must not allow the present emergency to become the occasion for losing our American heritage of a free political and economic life. We must not lose at home the very freedoms which we are fighting to preserve abroad."

* * *

Members of the Savings Banks Association of the State of New York have launched a new "Defense of Freedom" campaign in 70 newspapers throughout the state.

The first ad, running in 1,000-line size, carries the headline "I Hate War, Too!" picturing a G.I. in Korea. The copy points to the job that must be done "to keep the liberties that free people have won through centuries of sacrifice and bloodshed."

The campaign, with a \$250,000 budget, is supported by some 100 savings banks in New York State. In

(CONTINUED ON PAGE 96)

Some of the entries in BANKING's "Forum in Print" (see March BANKING, pages 33-44) were sent to the recent public relations conference of the Ohio Bankers Association, where they were put on display. At left they are shown being examined by some of the bankers attending the Columbus PR meeting

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

67 Branches in Greater New York

53 Branches Overseas



Statement of Condition as of March 31, 1951

ASSETS

Cash, Gold and Due from Banks.....	\$1,542,787,227
United States Government Obligations.....	1,466,370,819
Obligations of Other Federal Agencies.....	49,594,967
State and Municipal Securities.....	460,337,161
Other Securities.....	123,818,593
Loans and Discounts.....	1,870,015,906
Real Estate Loans and Securities.....	9,282,856
Customers' Liability for Acceptances.....	32,295,578
Stock in Federal Reserve Bank.....	7,800,000
Ownership of International Banking Corpora- tion.....	7,000,000
Bank Premises.....	26,859,673
Other Assets.....	3,944,166
Total.....	\$5,600,106,946

LIABILITIES

Deposits.....	\$5,167,682,639
Liability on Acceptances and Bills. \$51,707,405	
Less: Own Acceptances in Port- folio.....	17,228,300
Due to Foreign Central Banks.....	9,073,500
(In Foreign Currencies)	
Items in Transit with Branches.....	20,626,042
Reserves for:	
Unearned Discount and Other Unearned Income.....	11,685,411
Interest, Taxes, Other Accrued Expenses, etc.	33,974,466
Dividend.....	3,100,000
Capital.....	\$124,000,000
(6,200,000 Shares—\$20 Par)	
Surplus.....	136,000,000
Undivided Profits.....	59,485,783
Total.....	\$5,600,106,946

Figures of Overseas Branches are as of March 25, 1951.

\$467,688,744 of United States Government Obligations and \$9,446,400 of other assets are deposited to secure \$407,110,351 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate
administration of trust functions

CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$30,707,166

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FROM OPPOSITE CORNERS

Left, J. E. Bryan, president, Union Trust Company, St. Petersburg, is the newly elected president of the Florida Bankers Association



Above, right, P. A. Johnson, president, Bank of Fairbanks, is the new president of the Alaska Bankers Association

(CONTINUED FROM PAGE 94)

addition to the newspaper advertising which will run in 5,000 and 10,000-line schedules, the Savings Banks Cooperative Campaign also runs three Quiz Kid radio programs in New York, Albany and Syracuse, as well as an extensive motion picture program utilizing films produced by the savings banks, as well as selected shorts produced by others. A new color film, *Career for Two*, with animation will soon be released.

* * *

The Maryland Bankers Association is holding a series of regional agricultural meetings throughout the state at an early date.

Each meeting will consist of an afternoon and an evening session, and the meetings will be sponsored by the Maryland Bankers Association's agricultural committee, the Federal Reserve Bank of Richmond, and the University of Maryland. Programs for the sessions will be directed towards the specialized interests of the banks in the areas included in the regional meetings.

* * *

To encourage the youth of New York State to make farming their career, the New York State Bankers Association will award another scholarship to a Future Farmer of America student to attend the Bankers School of Agriculture, Cornell University, Ithaca.

Announcement of the scholarship was made by Herbert J. Kneip, president of the Association and The National Commercial Bank and Trust Company of Albany. The school will be held this year on the Cornell campus during the week of August 13-17. The curriculum will include dairy, soils, poultry, vegetable growing, farm management, farm appraisal and marketing.

This brings the number of scholarships awarded to students of the FFA to three. Hereafter, there will be two scholarship students attending the Bankers School annually.

The Bankers School of Agriculture is a two-year course offering basic studies in crop and livestock enterprises and is sponsored by the NYSBA in cooperation with The State College of Agriculture, Cornell University. The student body of 75 or more is made up largely of officers and farm representatives from commercial banks throughout New York State.

THE BALTIMORE AND OHIO RAILROAD COMPANY

SUMMARY OF 1950 ANNUAL REPORT

<u>Income:</u>	<u>Year 1950</u>	<u>Increase over 1949</u>
From transportation of freight, passengers, mail, express, etc.	\$402,541,896	\$45,833,879
From other sources — interest, dividends, rents, etc.	8,686,657	1,619,020
Total Income	\$411,228,553	\$47,452,899

Expenditures:

Payrolls, materials, fuel, services and taxes	\$360,550,650	\$38,655,126
Interest, rents and miscellaneous services..	35,640,823	630,520
Total Expenditures	\$396,191,473	\$39,285,646

Net Income:

For improvements, sinking funds, and other purposes	\$15,037,080	\$8,167,253
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Developments following outbreak of war in Korea caused industrial production to rise. As a result freight revenue was \$39,922,583 more than in 1949. Passenger revenue increased \$362,611 over 1949, due largely to military personnel moving in sleeping cars.

Operating expenses in 1950 were \$31,218,294 higher than in 1949 because of larger traffic volume and increased expenditures for maintenance.

The return on net investment of the Company in property devoted to public transportation was 3.38%—an improvement of 0.61 points over 1949.

Major improvements undertaken during 1950 included the new Import Ore Pier at Baltimore, Md., new double track tunnel on the main line between Grafton and Clarksburg, W. Va., and Centralized Traffic Control between Grafton and Parkersburg, W. Va., 174 additional Diesel locomotive units, 13 new sleeping cars, 2 Diesel rail motor cars, and 10 motor coaches were acquired.

A dividend of \$4.00 per share was declared on the Company's Preferred stock November 20, 1950, payable December 22, 1950, to stockholders of record December 1, 1950. It was the first full dividend declared on the Preferred stock for any year since 1931.

Outstanding System interest-bearing debt, including equipment obligations, was reduced \$6,275,063 during 1950. In the period 1941-1950 System debt was reduced \$92,118,763.

R. B. WHITE, President

The 6th annual trust development school of the **Illinois Bankers Association** will be held from August 12 to September 1 this year. Sponsored by the IBA's trust division in cooperation with Northwestern University's School of Commerce, the school will be held, as heretofore, on Northwestern's downtown Chicago campus. Attendance is limited to 25 students, while the faculty numbers approximately 35 teachers, trust men, attorneys, and experts in insurance, public relations and other pertinent subjects.

* * *

The **Florida Bankers Association** will hold its fourth annual bank executives Forum at Daytona Beach from May 21 to 25. Subjects include the banking and business outlook, Florida municipal bonds, instalment financing, bank costs, and personnel matters.

* * *

The **American Institute of Real Estate Appraisers** held a regional conference in New York at the end of April. The subject was "The Effect of Current War Conditions on Real Estate Market and Valuation Problems." Those on the program included appraisers, assessors, brokers, salesmen, managers and real estate officers of financial institutions and government agencies.

* * *

The National Consumer Credit Conference for 1951 will be held at Lehigh University on May 24 and 25. The program will include talks by David C. Melnicoff, head of the Department of Selective Credit Regulations, Federal Reserve Bank of Philadelphia; Ellis B. Ridgway, Jr., chairman, Consumer Credit Committee, Pennsylvania Bankers Association, and Clarence E. Wolfinger, president, National Retail Credit Association.

* * *

Mrs. Ruth E. Sherrill, regional vice-president of the **Association of Bank Women**, has issued a call for the spring meeting of the southern division of the ABW to be held in Atlanta May 18 to 20.

At the banquet on Saturday night, John A. Sibley, chairman of the board, Trust Company of Georgia, Atlanta, will speak on the theme chosen for the conference, "The Position of Banking in a Mobilized Economy."

* * *

E. A. Cook, vice-president of the

University National Bank in Seattle, was elected chairman of the board of directors of the **Pacific Coast Banking School** at their meeting March 30. He succeeds A. L. Powers, vice-president of the United States National Bank of Portland, Oregon, who has served as chairman for the past three years. C. H. Haskell, vice-president of the Peoples National Bank was reappointed director of the school.

The school is held annually at the University of Washington the last two weeks in August. Nearly two hundred bankers will attend the

sessions this year from the 11 western states and Hawaii.

* * *

The **Mortgage Bankers Association of America** has published a booklet giving the mortgage loan amounts permitted by governmental restrictions under Regulation X and similar limitations under the Veterans Administration and the Federal Housing Administration. After each sale price, the top limit which can be loaned is shown. The tables were worked out in cooperation with officials of the Government agencies.

WILLIAM P. BOGIE

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BANKING NEWS

Amendment to Claims Act Embodies Ideas of All Concerned

Bill Enlarges Defense Department Authority

The Subcommittee of the House Judiciary Committee has approved H.R. 2947, amending the Assignment of Claims Act of 1940. The House bill embodies such changes as to make it acceptable to all interested parties, including the A.B.A.

As this was written, the Senate Banking and Currency Committee was about to amend the Senate bill, previously reported out, by substituting the revised House bill. The Committee intended to move its immediate passage in the Senate.

There seemed to be no contrary opinion to bar its passage in both Houses of Congress.

Amendment Provides

The Amendment will, in effect, provide:

First, it would remove the requirement in existing law that copies of assignments be filed in the General Accounting Office. True copies of assignments would still have to be filed with the contracting officer, sureties, and the disbursing officer, and since one of the copies thus furnished to the administrative office can be attached to the contract for audit purposes, the filing of an additional copy in the General Accounting Office is unnecessary.

Second, assignees would not be required to repay any amounts received by them under an assignment on or after July 1, 1950, merely because of the fact that the assignor may not have been entitled to receive or retain such amounts. This provision is applicable to all assigned contracts, whether they contain a "no set-off" clause or not.

Third, the bill would enlarge the authority now given the Defense Department to include a "no set-off" clause in its contracts, (CONTINUED ON PAGE 100)

Top U. S. and Bank Officials Speak at Manpower Parley

Shelton, Cocke, Hall Preside at Sessions

The Bank Manpower Conference of the American Bankers Association held at the Edgewater Beach Hotel, Chicago, on April 26-27 was addressed by top officials of the Government manpower and stabilization agencies and by a labor editor.

The program of speakers included: Harry Weiss, acting executive officer, Wage Stabilization Board of the Economic Stabilization Agency; Robert C. Goodwin, executive director, Defense Manpower Administration, Department of Labor; Colonel George A. Irvin, chief of the field division, National Headquarters, Selective Service System; and Merlyn S. Pitzele, labor editor of *Business Week* magazine.

These specialists spoke on the nation's mobilization plans, military manpower requirements, civilian manpower allocations, wage regulations, other stabilization controls and labor problems of the mobilization program.

The list of speakers included several prominent bankers.

The Manpower Conference, which brought together bankers from throughout the Midwest, was devoted to problems of bank manpower and personnel stemming from the nation's defense effort.

The complete program for the Conference follows:

Thursday, April 26

MORNING SESSION—10 A.M.

Presiding, James E. Shelton, president, American Bankers Association, and president, Security-First National Bank of Los Angeles.

"Military Manpower," Colonel George A. Irvin, chief, field division, National Headquarters, Selective Service System, Washington.

"Civilian Manpower," Robert C. Goodwin, executive director, Defense Manpower (CONTINUED ON PAGE 99)



Demarest Hall will make it possible for 275 additional bankers attending The Graduate School of Banking's 17th resident session at Rutgers University to live on the men's campus, relieving transportation and housing difficulties involved in quartering students in the College for Women dormitories, as hitherto. This new building will be fully equipped and ready for use before June 18, when the next G.S.B. resident session convenes. The Graduate School is conducted by the American Bankers Association in cooperation with Rutgers University.

It's Time to Send in Reservations for A.B.A. Convention

An announcement regarding hotel accommodations for the 77th annual convention of the American Bankers Association in Chicago, Sept. 30 to Oct. 3, has been mailed to all A.B.A. members by the Hotel Committee of the Chicago Clearing House. The committee chairman is C. Edgar Johnson, vice-president, The First National Bank of Chicago.

"All applications for hotel rooms are to be made on the official application form sent out with the announcement," Mr. Johnson stated, "and are to be returned to the Committee, c/o The First National Bank, Box A, Chicago 90, and not to the individual hotels.

"The hotels in Chicago, like all major cities, have been crowded for many years. Despite this fact, an adequate number of hotel rooms in leading hotels will be available for A.B.A. members. . . . The necessary processing time will take a few weeks from the time you mail your application until an official hotel confirmation can be sent you. It is essential that the application be

Trust Conferences in San Francisco and Chicago Announced

S.F. Parley Oct. 17-19; Chicago, Nov. 8-9

Two regional trust conferences—one in San Francisco, and one in Chicago—will be held this fall under the auspices of the Trust Division of the American Bankers Association, according to Raymond H. Trott, president of the Trust Division. Mr. Trott is president of the Rhode Island Hospital Trust Company, Providence.

In San Francisco, the 25th Western Regional Trust Conference will be held at the St. Francis Hotel on October 17-19, 1951. The hosts for this Conference will be the Association of the Trust Companies of Central California. The states represented in the Conference will include Arizona, California, (CONTINUED ON PAGE 102)

filled out completely giving hotel preferences, rates, and time of arrival and departure."

Some of the Men Seeking A.I.B. Office



Martin J. Travers



Frank C. Adams



Leroy S. Clark



Carl Durbeck

Five Candidates for Four Vacancies on A. I. B.'s Council

Election Will Be Held at Annual Convention

The candidacy of five men for the four vacancies on the Executive Council of the American Institute of Banking has been announced, and this race should be one of the highlights of the national convention in Pittsburgh, June 4-8.

The five candidates are: Frank C. Adams, The Bank of California N. A., Seattle; Leroy S. Clark, The Marine Midland Trust Co., New York; Carl Durbeck, Fallkill National Bank & Trust Co., Poughkeepsie, N. Y.; Emmett J. Erickson, Farmers & Mechanics Savings Bank, Minneapolis; and Newton I. Gray, National Bank of Commerce, Norfolk.

The Council is the governing body of the A.I.B., which is the educational section of the American Bankers Association. The Council consists of 12 members from various sections of the country, four of whom are elected annually for a three-year term. In addition, the Institute vice-president and past president are ex officio members.

The convention will also elect the Institute president and vice-president for 1951-52. Alton P. Barr, vice-president, Security Commercial Bank, Birmingham, has been nominated for president. Mr. Barr is now vice-president of the A.I.B. Martin J. Travers, executive vice-president, Power City Trust Company, Niagara Falls, N. Y., who is now a member of the Executive Council, has been nominated for vice-president.



Emmett J. Erickson



Newton I. Gray

A.B.A. Manpower Conference Speakers

(CONTINUED FROM PAGE 98)

Administration, Department of Labor, Washington.

"Wage Stabilization," Harry Weiss, executive officer (acting), Wage Stabilization Board, Economic Stabilization Agency, Washington.

LUNCHEON MEETING—12:30 P.M.

Presiding, C. Francis Cocke vice-president, A.B.A., and president, First National Exchange Bank, Roanoke.

"Banking's Essential Services," Evans Woollen, Jr., chairman of the board, Fletcher Trust Co., Indianapolis, president, A.B.A. in 1948-49.

AFTERNOON SESSION—2:20 P.M.

Presiding, Mr. Cocke.

"Recruitment and Replacement," Robert Lindquist, vice-president, La Salle National Bank, Chicago; chairman, Public Relations Council, A.B.A.

"Screening Job Applicants," Dr. George K. Bennett, president, The Psychological Corporation, New York.

"Training Staff Members,"

Arthur S. Greiner, assistant cashier and director of training, National Bank of Detroit, Detroit.

"Maintaining Competitive Remuneration," John Patterson Currie, management consultant, New York.

RECEPTION AND DINNER MEETING—6 P.M.

"Labor-Management Problems in the Mobilization Period," Merlyn S. Pitzele, labor editor, *Business Week*, New York.

Friday, April 27

MORNING SESSION—10 A.M.

Presiding, William B. Hall, vice-president, The Detroit Bank.

"City Bank Adjustments," Leslie K. Curry, vice-president and comptroller, Mercantile-Commerce Bank and Trust Co., St. Louis.

"Country Bank Adjustments," W. M. Willy, president, Security Bank and Trust Co., Madison.

Conference Summation, William Powers, deputy manager, director of Customer and Personnel Relations, A.B.A., New York.

LUNCHEON—12:15 P.M.

Vincens' Bank Record Protection Series Reprinted in Booklet

The series of six articles on the retention and preservation of bank records which ran in recent issues of *BANKING* has been reprinted in booklet form by the Committee on State Legislation of the American Bankers Association. The series contains timely information explaining the various means and methods of attacking the books and records problem both as a wartime protective measure and as a peace-time space-saving necessity.

John R. Vincens, a member of the A.B.A.'s legal staff, is the author of the series.

The booklet, *The Retention and Destruction of Bank Records*, includes material on these general subjects:

"The Retention and Destruction of Bank Records"; "Statutes on Record Retention"; "A Suggested Form of Microfilm Statute, With Explanatory Statement"; "Microfilming Bank Records"; and "Protecting Bank Records Against Bombing." It also includes a "Bibliography on Protection of Bank Records in War-time."

The reprint booklet has been sent by the Committee to its members and to state secretaries. Copies may be obtained at a nominal charge by writing the Committee on State Legislation, 12 E. 36th Street, New York 16.

Did You See?

Treasury Department Circular No. 885, dated March 26, 1951, containing "Regulations Governing Options Open to Owners of Maturing United States Savings Bonds of Series E."

Amendment to Claims Act Satisfies A.B.A.

(CONTINUED FROM PAGE 98)

so as to permit such a clause to be included in contracts entered into by the Defense Department, and also those entered into by the General Services Administration, the Atomic Energy Commission, or any other department or agency designated by the President. However, authority to include a "no set-off" clause, either originally or by amendment, would be available only during time of war or national emergency. Any contract of the departments and agencies named or designated under which full payment had not been made, including contracts entered into before the present emergency or before any future war or emergency, could be amended to include the "no set-off" clause, provided such amendment was made during the existence of the war or emergency. The use of the "no set-off" clause would continue, as under existing law, to be optional with the contracting agency. Contracts of the Defense Department containing the existing "no set-off" clause would not require amendment to come within the new clause, although the new meaning of the clause would be applicable only to payments to be made after enactment of the amendment.

Clause Is Amplified

Fourth, the existing "no set-off" clause, which prohibits reduction or set-off for any liability of the assignor which arises independently of the assigned contract, would be amplified to include any liability of the assignor on account of statutory renegotiation, fines, or penalties, taxes, social security contributions, or the withholding or nonwithholding of taxes, or social security contributions, whether arising from or independently of the assigned contract. Neither the provision relieving assignees from liability to make restitution of amounts received, nor the enlargement of the "no set-off" clause implies Congressional approval or disapproval of the construction heretofore placed upon the existing clause by the General Accounting Office or by as-

Midwestern U Awards Doctor of Letters to Leroy Lewis

He Is Cited for His Economic Contribution

Leroy Lewis, national educational director of the American Institute of Banking, received an honorary degree of Doctor of Letters from Midwestern University at Wichita Falls, Texas, on April 2. The degree was awarded at a ceremony in which the university dedicated several new buildings.

The university cited Mr. Lewis for his "outstanding contributions to the economy of the United States of America and his scholarly and educational attainments."

Following the ceremony, Mr. Lewis addressed a luncheon meeting of bankers and educators held cooperatively by the university and three Wichita Falls banks—City National Bank, First National Bank, and Wichita National Bank. Later, he spoke to Wichita Falls Chapter of the Institute.

Mr. Lewis, a native of Oklahoma, is a graduate of Oklahoma City University and holds a master's degree from the University of Michigan. He was instructor of public speaking and debate at the University of Wichita (Kansas) from 1930 to 1935 and held a similar position at Duke University from 1935 to 1943. From 1943 to 1944, he was secretary of the North Carolina Bankers Association and editor of *The Tarheel Banker*, that group's publication.

Mr. Lewis joined the Institute staff in 1944 as assistant educational director. He became associate director in 1946, and national educational director in 1947.

signees. Fines or penalties could not be set off, although the latter term is defined to exclude amounts which may be collected or withheld from the assignor in accordance with, or for failure to comply with, the terms of the contract itself. Consequently, penalties or withholdings authorized by the contract for violations of the Davis-Baco Act, the Eight-Hour Law, and the Walsh-Healey Act would not be affected.



Leroy Lewis

NEW MEMBERS

Twelve banks in 11 states joined the American Bankers Association during March, as follows:

GEORGIA: Citizens Bank of Toccoa, Toccoa,* and Citizens State Bank, Warner Robins.

IOWA: Farmers State Bank, Grafton.

KANSAS: Munden State Bank, Munden.

MARYLAND: Suburban National Bank, Flower Avenue Branch, Silver Springs.

MICHIGAN: Monroe State Savings Bank, Winchester Street Branch, Monroe.*

NEW JERSEY: First National Bank, Blairstown.

NEW YORK: Chester-Schroon-Hericon Bank, Chester town.

OKLAHOMA: First State Bank and Trust Company, Oklahoma City.*

TENNESSEE: Union County Bank, Maynardville.*

TEXAS: Conroe National Bank, Conroe.*

Wis.: State Bank, Elehe.

* Newly organized.

"School Saver" Helps Grade Schools Teach American History

They've done it again! The spring issue of the *School Saver* is just as original and as full of appealing features for grade school children as its predecessors.

Among the features in the spring *Saver* are "guess who" obits on two distinguished Americans and photographs of six American Presidents, with the dates of their terms of office. Readers are asked to identify in both instances. Answers, of course, may be found elsewhere.

The *School Saver* is published by the A.B.A.'s Advertising Department and is designed for distribution by banks operating school savings departments.

Dollar Value Return Seen by Stonier If We Avert WW III

Americans Make Poor Optimists, Pessimists

"Our pessimism today does not stand the test of facts," said Dr. Harold Stonier, executive manager of the American Bankers Association, in a recent address before the Des Moines, Iowa, Chamber of Commerce. "Even with our present inflation which is so much condemned by everybody, and about which so few people do anything, the average man today in America works 10 minutes to secure enough American money to buy one pound of bread. In Russia he has to work 30 minutes to get enough Russian money to buy one pound of bread."

If World War III does not descend on us during the remainder of the year Dr. Stonier expressed the belief that the purchasing power of the dollar will gradually come back.

Seven Reasons

His reasons for optimism about the dollar were summarized in seven points:

"First, because we are learning to live with the national debt. In America we have considered our national debt as something we could convert into cash. In Russia every so often they have burning days in all the little villages, towns and cities throughout the empire. They have a day when huge bonfires are set up and people bring their bonds, representing the national debt, into the city, town or village, and in the presence of officials throw them into the fire. Hence, Russia is purging herself of national debt. We cannot do that, on the other hand we cannot convert our national debt into cash over night and expect the Government to survive and the dollar remain strong. This debt was borrowed in certain segments and if the people learn to live with the debt, the debt will pay off dollar for dollar at the time and under the conditions specified, because back of the dollar is all the productive power of the United States.

"Second we are becoming

(CONTINUED ON PAGE 102)

Women From Every State Study Savings Bond Selling Methods

4 Bank Women Take Part in D. C. Parley

The importance of the volunteer in selling U. S. Defense Bonds and the power of the nation's women to curb the forces of inflation were stressed repeatedly in the discussions at the recent Women's National Conference which was held by the U. S. Savings Bonds Division at the Treasury Department in Washington.

The women conferees, numbering about 100, had traveled from every state in the Union to study the newest techniques of impressing the public with the importance of buying U. S. Defense Bonds as a vital part of the country's defense effort.

"When it comes to distributing U. S. Defense Bonds, volunteers can do it better than anyone," said Vernon L. Clark, director of the U. S. Savings Bond Division of the Treasury and formerly state volunteer chairman in Iowa. "Our defense job is everybody's job. The economic front is so important a part of our lives that we must protect it just as much as we protect the battle-front."

26 Groups Represented

Attendants at the conference, arrangements for which were in charge of Mrs. Nancy C. Robinson, director of women's activities for the U. S. Savings Bonds Division and formerly volunteer chairman in Mississippi, included women state chairmen from almost every state. Also present were representatives of 26 women's organizations, who together constituted a cross section of the nation's ablest business and professional women.

Speakers representing the Treasury were Secretary John W. Snyder, Assistant Secretary John S. Graham, Leon J. Markham, director of sales of the Savings Bond Division, and Mr. Clark.

Bank women attending the conference included Dorcas Campbell, assistant vice-president, East River Savings Bank, New York; Genevieve N. Gildersleeve, assist-

Eight District Public Speaking Contests Were Held in April

"Present Dangers to Our American Heritage of Freedom" was the subject for the eight district public speaking contests held between April 14 and 28 by the American Institute of Banking.

The district contests are the second step in the selection of the participants for the Silver Anniversary National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes, which will be held at the A.I.B.'s Pittsburgh convention June 4-8. Contests have already been held within the Institute's chapters, and the winners will compete in the district eliminations. The winners of the eight district contests will be the contestants in the final at Pittsburgh.

The general theme for the entire 1950-51 public speaking program is "Our American Heritage of Freedom." Specific phases of the theme are used for subject material for the chapter, district, and national contests. The subject for the final contest will be announced on or about June 1.

ant secretary, Trust Division, American Bankers Association; and Marion E. Mattson, assistant cashier, Northwestern National Bank, Minneapolis, who is president of the Association of Bank Women. Miss Mattson, along with the heads of four other women's organizations, received a replica of the Liberty Bell, on behalf of the A.B.W. "for service beyond the call of duty in Savings Bonds promotional campaigns and all year-round promotion."

Miss Kathryn Bowers, public relations officer of the Hamilton National Bank, Washington, modeled an attractive costume made of Defense Bond posters and other patriotic insignia at the conference luncheon.

Mrs. Harry S. Truman entertained the women attending the conference at tea at Blair House, at which Mrs. Georgia Neese Clark, United States Treasurer, and Mrs. Nellie Tayloe Ross, Director of the Mint, were guest of honor.

New Banking Career Booklet, "Opportunity in Banking," Ready

First in Three-Way Employee Relations Kit

"In no other business except banking have so many thousands of officers and executives come up through the ranks directly from high school," says a new booklet just published by the American Bankers Association to explain the opportunities for careers in banking to the nation's high school students. The booklet, *Opportunities in Banking*, which was prepared jointly by the A.B.A.'s Public Relations Council and Customer and Personnel Relations Department, is designed for distribution by individual banks to the schools in their communities. Banks distributing it may have it imprinted with their name.

The 16-page booklet, which is printed in three colors and contains a number of drawings, is intended to tell students who are considering work in banking what they can expect in the business. It answers such questions as: (1) How does banking serve the country and the people? (2) What qualifications should I have? (3) What are the usual beginning jobs in banking? (4) What are my chances for advancement? (5) What opportunities for banking education and training are available? In addition, it explains the differences in operation of a small bank and a large one, gives average salaries and expected benefits for beginning workers, and explains the promotion system which banks use.

Stating that "the banking business is unique in the fact that a boy or girl entering it from high school has a wonderful opportunity to continue his or her education continuously into the future," the booklet describes the American Institute of Banking, The Graduate School of Banking, and other schools, conferences, and forums sponsored by state and local banking associations.

This publication is the first in a three-way program being prepared by the A.B.A. to help banks obtain new employees and hold present ones. The other two units in the program will be (1) a



An ad from the A.B.A. Advertising Department's new holiday series

Six New Ad Series Include 14 Holiday and Special Day Ads

A new theme has been added by the Advertising Department of the A.B.A. in its most recent offering of six new series of newspaper advertisements. The important holidays and special days during the year, such as Mother's Day and Father's Day, are featured in a series of 14 ads.

The other five series cover checking and savings accounts (24 mats each); farm subjects, pay-as-you-go checks, and banking by mail (18 mats each).

Each of the series of ads is illustrated with either pen drawings or silhouetted photographs with unusual eye-appeal.

Five new direct mail folders were also released last month. They are entitled: "Checks for Convenience and Protection"; "Quick Facts About Auto Financing"; "Money in the Bank" (savings); "Safer Than a Safe" (safe deposit); and "To Home Owners" (repair loans).

new vocational film for high schools and (2) a six-session staff-training course that will be built around the essential services of banks.

In his letter to member banks announcing *Opportunities in Banking*, William Powers, director of the A.B.A.'s Customer and Personnel Relations Department recommended "that where possible banks sponsor this booklet in schools cooperatively, through local clearing-house or voluntary group arrangement."

Trust Conferences Scheduled for Fall

(CONTINUED FROM PAGE 98)

Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

In Chicago, the 20th Mid-Continent Trust Conference will be held at the Drake Hotel on November 8-9, 1951. The hosts for this Conference will be the Corporate Fiduciaries Association of Chicago. The states represented in the Conference will include Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota,

aware that we have got to continue our investment in the European countries, for in that way only can the productive power of the Nation be kept intact and at the same time our economy remain strong.

"Third, in the next nine months our demands for goods from abroad will taper off. Europe is catching up.

"Fourth, we are producing goods at a rate of over \$300-billion a year.

"Fifth, the fever of fear is subsiding. People who

Tennessee, Texas, and Wisconsin.

Stonier Sees Dollar Value Return If We Avert WW III

(CONTINUED FROM PAGE 100)

hoarded now look a little foolish.

"Sixth, taxes will probably not be as high as we expected because of cuts in nondefense spending.

"Seventh, in the banking field loans will be more carefully scrutinized to avoid speculation and gambling, and loans will be channeled into lines of production to the end that goods may equal our dollars."

He concluded his address with this analysis of the American psychological viewpoint:

"From a psychological viewpoint the American is

not good as an optimist. When he is optimistic he becomes a gambler. Neither is he any good as a pessimist, for when he is pessimistic he yields to the fever of fear, becomes stampeded and ruins the chance of obtaining the very thing he wants. The American when he is normal has a willingness to work and a faith based upon the future of his country. Times such as these take patience, as Kipling said many years ago in his standards of a man—"if you can wait and not be tired by waiting"—we can attain the objectives which we all seek."

CALENDAR

American Bankers Association

- June 4-8 American Institute of Banking Annual Convention, Hotel Wm. Penn, Pittsburgh, Pa.
- June 18-30 The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- July 9-10 A.B.A. Public Relations Workshop, Chalfonte-Haddon Hall, Atlantic City
- Sept. 30-
Oct. 3 77th Annual Convention, Stevens Hotel, Chicago, Illinois
- Oct. 17-19 Western Regional Trust Conference, St. Francis Hotel, San Francisco, California
- Nov. 8-9 Mid-Continent Trust Conference, Drake Hotel, Chicago

State Associations

- May 7-9 Missouri, Muehlebach Hotel, Kansas City
- May 9-11 Kansas, Kansas City, Missouri
- May 10-11 Ohio, Statler Hotel, Cleveland
- May 10-12 New Mexico, La Fonda Hotel, Santa Fe
- May 11-12 South Dakota, Cataract Hotel, Sioux Falls
- May 14-15 Texas, Baker Hotel, Dallas
- May 15-16 Tennessee, Andrew Johnson, Knoxville
- May 17 Delaware, Du Pont Country Club, Wilmington
- May 17-18 Oklahoma, Mayo Hotel, Tulsa
- May 18-19 South Carolina, Francis Marion Hotel, Charleston
- May 20-22 California, Huntington Hotel, Pasadena
- May 21-22 Maryland, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
- May 21-23 Arkansas, Arlington Hotel, Hot Springs
- May 21-23 Mississippi, Buena Vista Hotel, Biloxi
- May 23-25 New Jersey, Chalfonte-Haddon Hall Hotel, Atlantic City
- May 23-27 North Carolina, The Carolina Hotel, Pinehurst
- May 24-25 Alabama, Hotel Thomas Jefferson, Birmingham
- May 25-26 North Dakota, Gardner Hotel, Fargo
- May 31-
June 2 Colorado, Broadmoor Hotel, Colorado Springs
- June 3-5 Idaho, The Lodge, Sun Valley
- June 3-6 Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
- June 6-10 Dist. of Columbia, The Homestead, Hot Springs, Va.
- June 7-9 Massachusetts, New Ocean House, Swampscott
- June 8-9 Connecticut, Equinox House, Manchester, Vt.

- June 8-9 Wyoming, Irma Hotel, Cody
- June 10-12 Oregon, Gearhart Hotel, Gearhart
- June 11-12 Utah, Ben Lomond Hotel, Ogden
- June 11-13 Virginia, The Homestead, Hot Springs
- June 12-14 Illinois, Jefferson Hotel, St. Louis, Mo.
- June 13-14 Indiana, French Lick Springs Hotel, French Lick
- June 13-14 Minnesota, Radisson Hotel, Minneapolis
- June 15-16 New Jersey Savings Banks, Monmouth Hotel, Spring Lake
- June 15-16 New Hampshire,* Wentworth-By-The-Sea, Portsmouth, N. H.
- June 15-16 New Hampshire Savings Banks,* Wentworth-By-The-Sea, Portsmouth, N. H.
- June 15-16 Vermont, Equinox House, Manchester
- June 17-19 Washington, Olympic Hotel, Seattle
- June 18-20 Michigan, Book-Cadillac Hotel, Detroit
- June 18-20 Wisconsin, Schroeder Hotel, Milwaukee
- June 21-23 Montana, Canyon Hotel, Yellowstone National Park
- June 21-24 New York, Essex, Sussex and Monmouth Hotels, Spring Lake, N. J.
- June 22-24 Maine, Poland Spring House, Poland Spring
- July 12-14 West Virginia, The Greenbrier Hotel, White Sulphur Springs
- Sept. 23-26 Maine Savings, Wentworth-By-The-Sea, Portsmouth, N. H.
- Sept. 23-26 Massachusetts Savings, Wentworth-By-The-Sea, Portsmouth, N. H.
- Oct. 3-5 New York Savings, Lake Placid Club, Lake Placid

* Joint Convention.

Other Organizations

- May 10-12 Second Northern Mid-Continent Regional Conference of The National Association of Bank Auditors and Comptrollers Commodore Perry Hotel, Toledo, Ohio
- May 11-13 Spring Conference, Middle Atlantic and New England Divisions of the Association of Bank Women, Chalfonte-Haddon Hall, Atlantic City
- July 7-8 Eastern Secretaries Conference, Chalfonte-Haddon Hall, Atlantic City
- Sept. 11-14 38th Annual Convention Mortgage Bankers Association of America, Mark Hopkins and Fairmount Hotels, San Francisco, California
- Oct. 7-10 Robert Morris Associates, Waldorf-Astoria, New York
- Oct. 21-24 31st Annual Meeting of the Consumer Bankers Association, Edgewater Beach Hotel, Chicago

NEW SAVINGS SIGNATURE CARDS

with APPROVED ABA CONTRACTS

ACCOUNT NO.	<input type="checkbox"/> MR <input type="checkbox"/> MRS <input type="checkbox"/> MISS
TO	INDIVIDUAL
<small>You are authorized to recognize the signature subscribed below in the payment of funds or the transaction of any business for this account. It is agreed that all transactions between the bank and the undersigned shall be governed by the contract printed on the reverse side of this card. The undersigned has read the rules and regulations of the Savings Department now in effect and agrees thereto and to all changes therein or additions thereto which shall here be posted in the main lobby of the bank for five consecutive business days.</small>	
SIGNATURE	
HOME ADDRESS	OCCUPATION
BUSINESS ADDRESS	EMPLOYER'S NAME
FATHER'S	MOTHER'S MAIDEN NAME
	DATE OF BIRTH
OPENED BY	AUTHORITY DATED

REMIT PLEASE NOTE - THIS SCALE CORRESPONDS TO SPECIAL SCALE - SET PAPER COORDS SO THAT CARD IS ALL, REMITTED WITH EACH NEW SCALE WHEN CARD IS TURNED OVER BY OTHER PERSON. SET SCALE TO PROTECT FROM LEFT SIDE OF CARD. USE OTHER PARTS OF SCALE FOR OTHER DIVISIONS OF VISIBLE TITLE. SET TABULATORS FOR NO DUPLICATE ALIGNMENT OF EACH DIVISION OF INFORMATION. FOLD BACK AND REMOVE FROM AFTER FILING - 146 NEW PREPARED DIVISION.

SAMPLE VISIBLE DIVISION C-17, NO. 1 1953 REMINGTON RAND INC. PRINTED IN U.S.A.



Now you can have the new Kardex Savings Signature cards—or vertically filed Savings Signature cards—with a specific contract approved by the American Bankers Association. Like the Commercial Signature

cards used so successfully for many years, these Savings cards carry the ABA approved contract between the depositor and the bank. It permits you to operate according to accepted banking practices with the consent of the depositor.

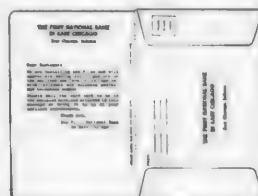
Filed visibly in Kardex cabinets, Savings Signature cards can be referred to instantly. They will save time and improve customer service. Color signals in the visible margin spotlight any special conditions for instant reference.

Review your signature cards to see if they are up-to-date. You should consider the latest approved ABA contract provisions to give your bank this additional protection.

The full story of Remington Rand's new Bank Signature cards, including both Savings and Commercial cards, is told in our *Free Booklet KD 490.1*.

Protect Your Signature Cards at Point-Of-Use

Here's the way to be sure your records are protected from loss by fire at their "point-of-use." Safe-Kardex Imperial is laboratory tested and certified to withstand temperatures up to 1700 degrees Fahrenheit for one full hour.



Rem-V-Lope Secures Signatures Faster

Statistics from banks using Rem-V-Lopes for securing depositors' signatures show 80% return on the initial mailing—and 80% of the remaining 20% on a second mailing. Why? Rem-V-Lope all but mails itself. Depositors just sign the pre-printed form, put it into the postage-paid envelope and drop it in the mail.



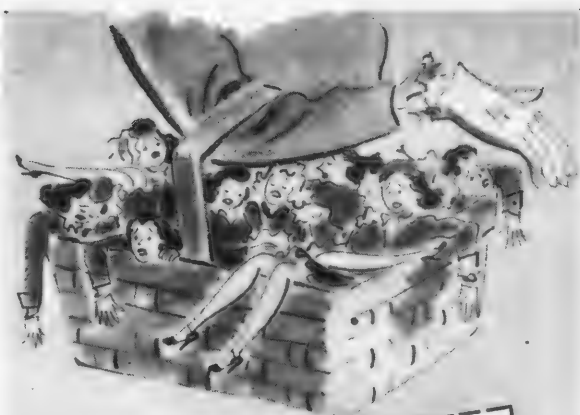
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Management Controls Reference Library Room 1029
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Please send me a copy of the new Bank Signature Card Folder, KD 490.1.

Name _____
Bank _____
Address _____
City _____ Zone _____ State _____

For your FREE copy just fill
out the coupon and mail it today.



**WARNING:
CUSTOMERS ARE
PERISHABLE**

Don't let hot-and-humid premises turn *your* business sour. Remember, the costliest "spoilage" you can have is of good will, not merchandise! Perk up your patrons, perk up your business with Typhoon air conditioning. Cool, dust-free, noise-free atmosphere — perfectly balanced for humidity — what a difference Typhoon units make. A sweet job of engineering, all the way through — from the king-size condenser and coils to the dual control grille that send air traveling where you want it. The finest in air conditioning at the lowest dollar cost per ton capacity.



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To stop good will from melting away
Call your Typhoon dealer today!



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UNITS are available in sizes for
every need 1½ to 20 Tons.

Write for descriptive literature and name of nearest dealer.

TYPHOON AIR CONDITIONING CO., Inc.
Dept. KC, 794 UNION STREET, BROOKLYN, N. Y.

Congratulations!—by Letter

(CONTINUED FROM PAGE 55)

Letters Dealing with Civic Honors

Dear Mr. Dawson:

Hearty congratulations upon your election as president of the Junior Chamber of Commerce. Such an honor is a high tribute to your standing in this community.

The work of your organization is important to Bloomington, and I hope you will call on the Midwest National Bank for any cooperation that we may extend during your term of office.

Sincerely yours,

* * *

Dear Paul:

I read last night that the Community Fund Board has named you chairman of this year's drive. The board could not have selected a more able man for the job.

This is just a note to wish you success in this important civic project, and to tell you that the First National Bank will be glad to cooperate in every way possible.

Sincerely,

* * *

Dear Jim:

It's a real pleasure to send you this word of congratulations on your election to head the Rotary Club for the coming year. This is a fine honor, and one that you richly deserve.

If any of us at the Farmers National Bank can cooperate with you in any way during your term of office, please feel free to call on us.

Sincerely,

Letters Dealing with Personal Achievement in Business

Dear Mr. Willis:

We should like to add our sincere congratulations to the many you will be receiving this week on your appointment as vice-president of The Harrison Company.

From our business association with you during the past several years, we know that you are exceptionally well qualified for this important post. We are sure you will be most successful in your new position, and the news of your advancement gives us genuine satisfaction.

Sincerely yours,

* * *

Dear Mr. Sherman:

I read in this morning's *Herald* that you have been named general manager of H. E. Randall & Company.

Congratulations on this fine promotion. It is a well-warranted recognition of your record of service to your firm over the past 10 years. You have our best wishes for every success in your new position.

Sincerely yours,

(END)

Some countries owe us almost nothing. Their people apparently lack aggressiveness.

Dream You Save For

(CONTINUED FROM PAGE 15)

"I learned many new reasons for saving money," said John L. Parry, president, The Fidelity Title & Trust Company. "It was most gratifying to learn the understanding that these youngsters have of their parents' problems."

"I know of no more democratic principle than the portrayals viewed by us," said Harold V. Bossa, vice-president and treasurer of The Stamford Savings Bank.

Mr. Lyons found the artistic drawings reassuring. "In view of the trend toward socialism in this country," he said, "and the impression which is so prevalent that our school system is teaching children socialistic-communistic doctrines, it is reassuring to see the results of the program of teaching conservation, saving, and thrift in the Stamford schools. In all of the displays which I saw, there was only one which referred to loans. All others indicated that the pupils who prepared the displays recognized the sound principle of saving money to buy the things needed by the family, instead of borrowing for such purchases."

"The whole tour was an inspiration to me," said Norman L. Spelke, executive vice-president of the Springdale Bank and Trust Co. "I know the outcome of this activity will be valuable and lasting."

Each school that participated in the "Draw the Dream You Save For" national art program had the privilege of submitting up to five of its pupils' drawings to its state Savings Bond office. All of the schools received a two-colored certificate of appreciation from the Secretary of the Treasury.

The imprint of what the school children learned during this national art effort may grow dim with the years, but it never will be completely effaced from memory.

In business carbon copies are what you make to fill files so clerks can be employed keeping track of records they can't find.

The world was created in six days, which was before the Russians had the veto.

Love is often just the tenth word in a telegram.

May 1951

HOW MUCH LATE?

One of the most interesting breakdowns we examine regularly is our weekly service report. This tells us about the imprint orders coming in and going out Monday thru Friday, and gives us details relative to promptness of output. Using two-day service as "par" performance — and by two days we mean the time in our possession — there is set up for us the number of orders that are "one day late," "two days late," and so on.

While we are keenly interested in the number of orders processed, our real interest lies in the number not leaving our plants on time because only by holding these to a minimum can we hope to keep incoming orders at high levels. The rivalry between our plants, therefore, concerns itself principally with the wiping out of all orders not shipped in par.

The consolidated report for the entire year of 1950 shows 83.95% shipped within our two-day time standard. 15.32% were one day late, .64% were two days late and .09% were three or more days late. Inasmuch as 99.27% fell within

a three-day bracket, we are more pleased than critical of last year's performance. What are we talking about? We think it's wonderful! Anyway, such factual information feeding in to us each week keeps us sensitive to change and forces us to break bottlenecks without delay.

How closely we will be able to adhere to these standards as the country gets deeper into the defense program remains to be seen. Occasionally we will get off the beam, as we did two months ago when we lost seven men to the army, but generally speaking we are optimistic about our ability to keep pretty much on top of things. Despite the scare headlines in the papers, we feel confident that we will be able to deliver within reasonably good time limits all the checks our customers need this year... this year. And we think also that we will be able to deliver all the checks our customers need next year... next year. This is a subtle way of saying that there has never been any need to load up on bank checks. There is no need to do so now.



Manufacturing Plants at:

NEW YORK, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

Your Lawrence man offers you this Inventory Survey



Next time inventory figures in a loan application, call in your Lawrence man. He's as near as your telephone.

From his experience with inventories in many lines, he can determine for you if a given business lends itself to field warehousing.

Why not call on his experience?

LAWRENCE SYSTEM

Nationwide Field Warehousing

FACILITATES LOANS AGAINST INVENTORY

SAN FRANCISCO
37 DRUMM ST.

CHICAGO
100 N. LA SALLE ST.

NEW YORK
72 WALL ST.

Offices In All Principal Cities

EXTRA!

(CONTINUED FROM PAGE 36)

the boys to subscribers' homes and to stir customers to make good their promises to buy an extra Defense Bond.

Local follow-up campaigns will range from sorting and contact of pledgees by women volunteers to pledgee solicitation by local banks.

The Newspaperboy Pledge Campaign was called to the attention of President Truman when he signed the legislation enabling the Treasury to put into effect the Series E Bond maturities plan. Attending this ceremony was Joseph Herron, 17, a *Philadelphia Bulletin* newspaperboy who pledged the support of the country's carrier boys in picking up the Defense Bond pledges in May.

Mr. Stodghill originated the idea of newspaperboys selling stamps and bonds 10 years ago. During World War II, he directed the effort of thousands of newspaperboys, through their individual newspapers, in the sale of almost 2-billion 10-cent savings stamps.

At the height of the program, 936 newspapers and more than 300,000 carrier boys were participating in the campaign, and, when it came to an end officially in December 1945, there were 136 newspapers that had participated during the entire program.

The first postwar request by the Treasury for newspapers to assist



Joseph Herron, 17, *Philadelphia Evening Bulletin* newsboy, telling President Truman and Secretary Snyder about the forthcoming newsboy Defense Bond Pledge Campaign. Behind young Herron are Howard W. Stodghill, national chairman of the campaign, Treasury Undersecretary Edward H. Foley, and Treasury General Counsel Thomas J. Lynch

in the sale of bonds was made for the Opportunity Bond Drive in May 1949, in industrial areas. The ICMA supported the program and 327 newspapers with 165,010 carriers joined to do the job.

The Treasury again requested support for the Independence Bond Drive in May 1950, and 345 newspapers with 192,184 carriers responded and

did the job the Treasury had asked.

Mr. Stodghill said newspapers will be asked to report, on a card that will be furnished, the number and dollar total of pledges their boys collect in May.

JACOB MOGELEVER
Chief, Press and Special
Promotions
Treasury Department

More Owners of the National Debt

NEARLY 225,000 new participants in the payroll savings plan for defense bond purchases have been obtained in just 38 industrial organizations through a recent person-to-person campaign. In one plant where only 8.6 percent of the employees were enrolled, the campaign resulted in a 96 percent enrollment.

These figures are shown in a recent compilation of the Industrial Advisory Committee for the U. S. Treasury, chairman of which is Martin W. Clement.

"The work of the Industrial Advisory Committee," says a letter over Mr. Clement's signature, "has been to get as many workmen as pos-

sible interested in the debt of the United States; interested in it by acquisition of part of it through buying Defense Bonds on the Payroll Savings Plan."

How well the committee did its work in the person-to-person campaign is shown by the three, out of the 38, plants now more than 90 percent subscribed; by the 15 whose employees are now 75-90 percent enrolled, where the highest enrollment was previously 46 percent; and by the six plants, now enrolled up to 72 percent, where previously the payroll savings plan was not in effect.

The committee points out that,

based on national averages, employees in this group of 38 companies are saving approximately \$7,000,000 every month.

THE weight of opinion seems to be that the credit controls recently instituted will reduce civilian demands and the use of productive resources to a greater extent than the armament business now in sight will absorb them.

—Business Comment
The Northern Trust Company



Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

Area Salary Survey

(CONTINUED FROM PAGE 37)

gram as suggested by the Country Bank Operations Commission in the manual, *How to Set Up a Salary Program in the Smaller Bank*, released to all A.B.A. banks in September 1950. For the first time we were able accurately and scientifically to measure the relative values and responsibilities of the jobs and to set proper salary standards. Our staff is small, with only five employees sub-

ject to rating. However we found it necessary to raise the wages of only one person to start the program off properly.

After studying our program and making comparisons with other banks in eastern Kansas we came to the conclusion that our job was not finished. Our competition for clerical help is not with other banks within 40 to 50 miles, but with other employers of clerical help in Paola. Our town of 4,000 is the county seat of a good agricultural area. About 15 years ago first efforts were made to


bring in industries. Present industrial employment is an important factor, with over 600 on the payrolls of various nationally known firms. Kansas City, only 40 miles away, offers some inducements to local persons, but, even so, our real competition is with other employers of clerical help in Paola.

After deciding to make an area salary survey we gave thought to the scope of methods. We made a test run of a first draft of the manual, *How to Make an Area Salary Survey*, soon to be released by the American Bankers Association to all member banks. Then we decided to divide employers into four groups for easier comparison. The first group, which included the bank, was called the "office group." Others were the "governmental group," which included local Federal employees, an "industrial and utilities group," and a "wholesale and retail group." In the various groups were six employers operating as parts of nationwide organizations, and 13 strictly local employers, with a minimum of four employers and a maximum of six in each group. In this way we could get the full effect of national wage plans and could measure their influence on all local groups. These 19 employers did not have large clerical staffs, as there are no large clerical groups here, but they did have 39 jobs which compared in many respects with bank jobs. (For example, a machine bookkeeper in an office would have a job quite similar to the bank bookkeeper.) These 39 jobs compared with bank work in eight of the 10 job grades used in the A.B.A. salary program manual ranging from simple clerical work to the head teller's position.

The most important thing to do in making the salary survey is to make accurate comparisons of bank jobs with the other work. This can be done best by carefully analyzing each bank job to determine the time spent on typing, bookkeeping, etc., as the bank job becomes the standard by which the other jobs are measured. In our case this was easy as we had previously classified and evaluated the bank jobs according to the A.B.A. salary program.

Of almost equal importance is the method of obtaining information from employers. In our opinion the most practical and the one yielding the most information is the personal

(CONTINUED ON PAGE 110)




CENTRAL NATIONAL BANK of CLEVELAND
Cleveland 1, Ohio

It's What Goes Into Perfection That Counts

A bank can come close to perfection in the efficiency, thoroughness and speed with which it handles correspondent banking matters.

We approach that goal because our people pay a great deal of attention to the little things and the extra things that crop up every day in the year. The correction of a name . . . a helpful suggestion that may increase your profit opportunities . . . doing a thing today when one might think tomorrow would do just as well. We think that's why you'll like our service!



CENTRAL NATIONAL BANK

of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



This Man's

**knowledge will save you money
and give you better protection**

This man is your local U.S.F.&G. agent. He has spent years in study and practice to thoroughly understand all forms of insurance protection.

Proper insurance protection is vital to you and your business. It requires capable, professional counsel.

For instance, there are over 22 different policies for burglary protection alone. Do you know the policy that provides the exact protection you need? This man . . . your local U.S.F.&G. agent . . . *knows!* His advice is free. Consult him today.

To get the name of your nearest U.S.F.&G. agent or for claim service in an emergency, call Western Union by number and ask for Operator 25.

U.S.F.&G.

**CONSULT YOUR INSURANCE
AGENT OR BROKER AS YOU WOULD
YOUR DOCTOR OR LAWYER**

**United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity & Guaranty Insurance Corporation, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto**

(CONTINUED FROM PAGE 108)
interview with the employer. In this survey we called on the employer at his place of business at a time convenient for him, and in a part of his office or store where the conversations would be private and confidential. Then we explained that we had recently installed a salary administration program, and as a second step had started work on the area salary survey. We asked his cooperation, and agreed to exchange our payroll figures.

In every case we were not only

favorably but enthusiastically received, those employers with job descriptions going to considerable trouble to furnish full information. One thing we attempted to point out was that banks had been criticized somewhat in the past for wages paid, and we endeavored to correct that unfavorable impression wherever it existed. The employers were as anxious to receive our figures as we were to receive theirs, since they welcomed the chance to review and compare. For those employers who wanted more information, we agreed

to tell them, after the survey had been completed, how they stood—low, average, or high—in each job classification. It was pointed out that all data collected would be absolutely confidential and would be tabulated by a group classification with each firm identified by a letter instead of by name. It took about one hour to interview each employer and copy the classified information to the comparison forms. In all, we spent about 20 hours gathering the data. It took about 10 additional hours to weigh and evaluate the material. The resultant goodwill and favorable public relations were worth all the time spent, and more too. Also, we think the time was well spent in that it was perhaps less than the time required to find one good office clerk.

Since "fringe benefits" have become so important to both the employer and the employee, we began each interview by providing the employer a copy of the Fringe Benefits Comparison form, part of which is reproduced on page 37, and asked questions about the work week, number of holidays, paid vacations, bonuses, etc. This is a better place to start than with jobs and wages, since much useful information is provided which better enables the banker to classify properly the help and gather wage information. After concluding the interview on fringe benefits we went back over the same questions and provided the bank's answers to the same questions. This had a very favorable reaction with the employer and built further confidence, thus insuring full and complete answers on salaries paid to his staff.

If the employer had an above average set of fringe benefits we took time to compliment him, and mention that he was among the more liberal. The national employers, without exception, had a rather complete set of benefits, and some of the local employers had very good plans. In many cases the value was over 10 percent of the annual base wage, and, in the case of our bank, well over 15 percent. The point should be made with each employer, and with each employee, that fringe benefits are important, have real value, and cost the employer a substantial sum of money. Failure to make this point with employees may lead them to assume that their jobs

(CONTINUED ON PAGE 114)

THE KERR CHANGEPOINT STORY:

"Number One" on the BANK COUNTER PARADE!



Yes . . . Kerr Changepoint Fountain Pens and Perpetual Calendars have been "number one" with thousands of banks for years. Why? . . . because bank customers enjoy the dependable, convenient, easy-writing Kerr pens and the beauty and convenience of Kerr Perpetual Calendars. And *you'll* appreciate their economy, long-life and beauty!

Other Designs in Bronze,

Chrome or Aluminum;

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Please Write for Illustrations and Prices.

W. K. KERR PEN COMPANY,

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L. A. VAN BOMEL
*President, National Dairy
Products Corporation*

HENRY C. VON ELM
President

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
March 31, 1951*

RESOURCES

Cash and Due from Banks	\$ 750,800,501.08
U. S. Government Securities	903,231,332.20
U. S. Government Insured F. H. A. Mortgages	70,327,409.25
State and Municipal Bonds	52,638,447.56
Stock of Federal Reserve Bank	3,595,050.00
Other Securities	21,066,542.06
Loans, Bills Purchased and Bankers' Acceptances	746,666,778.06
Mortgages	14,284,044.74
Banking Houses	14,443,285.65
Other Real Estate Equities	261,024.84
Customers' Liability for Acceptances	9,277,942.79
Accrued Interest and Other Resources	6,219,091.65
	<u>\$2,592,811,449.88</u>

LIABILITIES

Capital	\$50,390,000.00
Surplus	69,444,000.00
Undivided Profits	31,391,323.40
Reserves for Taxes, Unearned Discount, Interest, etc.	13,839,285.23
Dividend Payable April 15, 1951	1,511,700.00
Outstanding Acceptances	10,487,690.05
Liability as Endorser on Acceptances and Foreign Bills	5,952,470.52
Cash held as Collateral or in Escrow	13,531,053.16
Deposits	2,396,263,927.52
	<u>\$2,592,811,449.88</u>

United States Government and other securities carried at \$160,892,766.55 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

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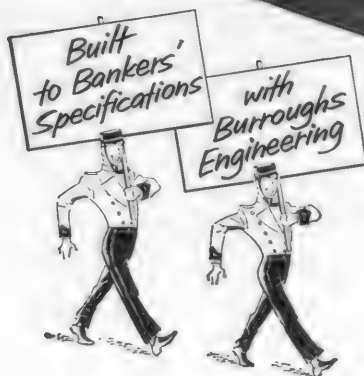
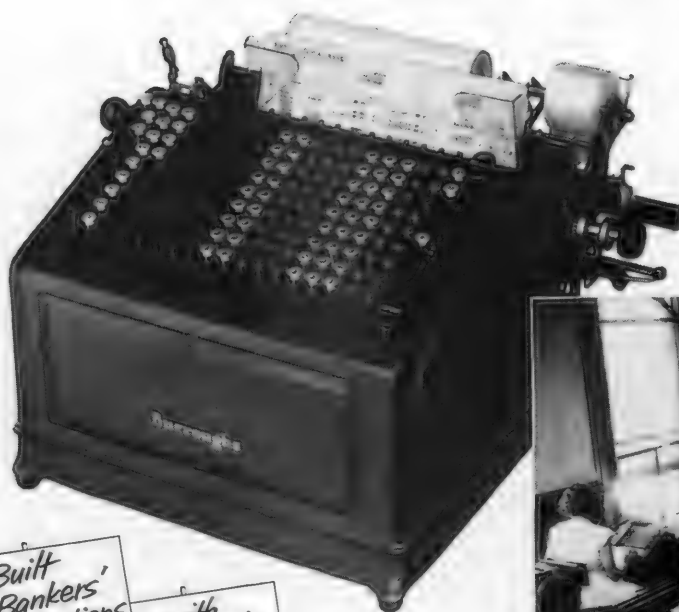
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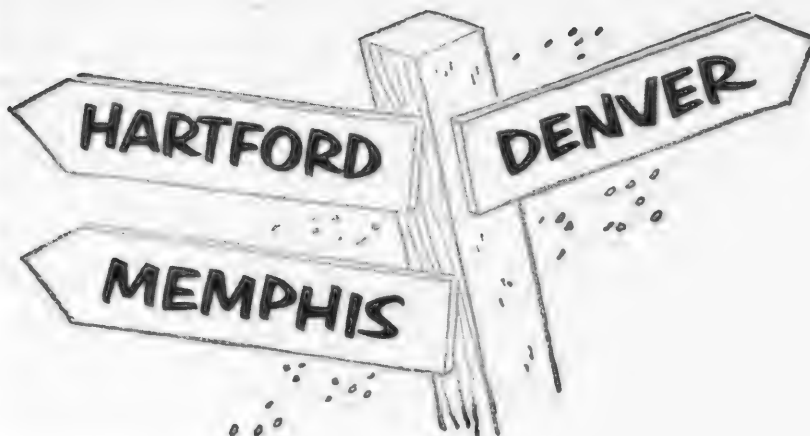
SAVE FOR YOUR INDEPENDENCE — BUY U. S. SAVINGS BONDS.

heartily endorsed in.

the New Burroughs Bank Bookkeeping Machine



The Hartford National Bank and Trust Company says its 22 new Burroughs bank bookkeeping machines "incorporate many features . . . particularly useful to us." The bank is enthusiastic over the "adding machine feature with tape always available," "quiet operation," "light key and motor bar action," and the "lock which prevents run-off at the bottom of the statement sheet."



Praised by users everywhere

More and more testimonial letters are coming from banks the country over, spelling out their enthusiasm for the new Burroughs bank bookkeeping machine. These letters, together, show that bankers see this new machine as one of the greatest advances in the history of bank bookkeeping—particularly welcome in this era of rising costs.

The letters praise the many features that make this new Burroughs more efficient in all phases

of its operation. The letters, too, often compliment Burroughs *installation* skill and Burroughs *service*—two factors sometimes overlooked by buyers of business machines.

Burroughs bank bookkeeping machines—through greater speed and accuracy—can improve bookkeeping operations in your bank. Call your local Burroughs man for a demonstration, or write to us. Burroughs Adding Machine Company, Detroit 32, Michigan.



ny says
achines
seful to
achine
ration,"
k which
sheet."



The National Bank of Commerce, for 28 years a user of Burroughs machines, likes "the great improvement in ease of operation, speed, and accuracy of aligning," and the way "adjustments and corrections are made easy" on its nine new Burroughs bank bookkeeping machines.



The Denver National Bank has found "the lighter touch and non-glare features helpful in reducing operator fatigue, and the greater number of registers a definite advantage in more efficient operations"—is "highly pleased" with its new Burroughs bank bookkeeping machines.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



(CONTINUED FROM PAGE 110)

are not as good as those across the street. Then, too, the person making and interpreting the area salary survey must give full consideration to these benefits, since a 10 percent to 20 percent factor may make an average wage "tops." The effect of industrialization on our town and the effects of union demands on industrial employers are certainly noticeable in these benefits. This is true even though the clerical workers are not unionized, because it is the policy of many industrial employers to pass negotiated benefits on to those not organized.

The interview then moved to questions about the work being done by an employee, and the time spent in each of the classifications. For example, we asked how much time was spent by the employee doing book-keeping, typing, filing, etc. Although these were estimates, we believe the employers made a real effort to be fair and to make a genuine classification. As the interviewer, we thought in terms of job difficulty and time as compared with a similar bank job. By the time these notes were made we were in a position to establish a tentative job grade comparable to a bank job grade, subject only to final review when the data were tabulated. To finish the interview we had only to ascertain the beginning wage, present wage, maximum wage, and the number of years ordinarily necessary for a person to move from the minimum to the maximum.

Comparing Notes

Where there was more than one clerical employee in an office, we moved on to the next job analysis and wage picture, following the same procedure set forth in the preceding paragraph. After all the data had been collected, we concluded the interview by telling the employer about our similar jobs, and the wages which we had paid in the preceding year. This was an important part of the interview, as it showed the employer that we were keeping our part of the bargain by exchanging full information with him. And it bears repeating—the employers were certainly glad to compare notes.

After all the interviews had been completed the information was typed on summary sheets. The Fringe Benefits form has already been re-

ferred to. Job and Salary Comparison, Form 1, shows how the bank job grade data is set forth at the top of the form, while the lower half shows comparable jobs, wages paid, and years to reach maximum. It is the careful examination of this information which tells the banker how he stands compared with other employers. It must be kept in mind that consideration be given fringe benefits, as they are substantial in many cases. As was mentioned earlier, great care must be exercised to see that like jobs are compared. In order to check the accuracy of our comparisons, we asked four members of the bank staff (two officers and two employees) to tell us how jobs outside the bank compared with job grades in the bank, and changes were made in only five out of 39 classifications. They all were minor, each being one job grade. This can be done without disclosing any confidential information to the bank staff, since all you ask is that the job in the store or office be compared with a particular bank job.

Form 1 Explained

A few minutes' study of Form 1 quickly tells the story. By looking at the column headed "Min" you determine if the bank is starting its help low, average, or high. And usually a look at the "Max" column tells the same story about the wages paid by the bank. The column "Avg" is the one requiring closest study, as these are not theoretical limits, high or low, but are the actual wages being paid. In the case of a single employee, exact comparisons can be made provided some consideration is given to the length of service. Where there are two or more similar jobs and an average figure is shown, a very usable figure is available, since it takes length of service and possibly some other factors into consideration. To get the real story from this form the interviewer must have fairly and honestly set up accurate job comparisons. The salary comparisons are automatic if the job comparisons are right.

Benefits Considered

It was gratifying to us that our bank wages and fringe benefits compared very favorably with those of employers in the four groups surveyed. While we were not at the top in all classes and grades, our position was very good, and we are in a

position to use this information in formulating future wage programs. However, much of the guesswork for the future has been removed by the use of the salary administration manual. It enables you to assign positions to job grades according to the relative value of the jobs, establish rate ranges for each grade, and arrive at the progressions which should be made based on efficiency, length of service, and other factors. Banks wishing to meet their wage problems in a fair and scientific way can benefit from the use of the salary administration manual and the area salary survey.

Plan Is Essential

Banks as well as other employers now have certain restrictions on wage raises, and may be handicapped by the absence of a formal plan. Most industrial and other large employers have formal plans established and in operation by trained personnel men. During the last war they had a considerable advantage in obtaining wage increases because of these formalized plans. Many of us can remember the disadvantages banks had to operate under during World War II. It is suggested that any bank without a formal salary plan should give consideration to adoption of the A.B.A. program when and if regulations are issued, as during the last war, setting forth conditions for approval of a new plan.

Accomplishes Purpose

Based on our experience, we can report the area salary survey accomplished its purpose by telling us how bank jobs and wages compare with other clerical jobs and wages in Palao. And we are more than pleased with the public relations.

Past experience has emphasized the fallacy of the policy of delaying salary increases until pay rates and other benefits made available by competitors to their employees have increased to a point where management finally becomes acquainted with these facts through the loss of employees (especially key personnel), inability to hire suitable new employees, or through an experience such as a move to unionize employees.

The plan set forth in the booklet, *How To Make an Area Salary Survey*, copies of which will be mailed shortly to each A.B.A. member bank, will help you. (END)

OKLAHOMA'S LARGEST!



STATEMENT OF CONDITION, APRIL 9, 1951

RESOURCES

Loans and Discounts.....	\$ 84,715,762.21
U. S. Government Securities.....	59,263,115.24
State, County and Municipal Securities.....	17,450,825.58
Other Investment Securities.....	4,004,427.49
Stock in Federal Reserve Bank.....	360,000.00
Overdrafts.....	30,622.62
Bank Premises, Vault and Furniture & Fixtures.....	584,404.76
Other Assets.....	6.15
Cash and Due from Banks.....	64,013,415.82
	\$230,422,579.87

LIABILITIES

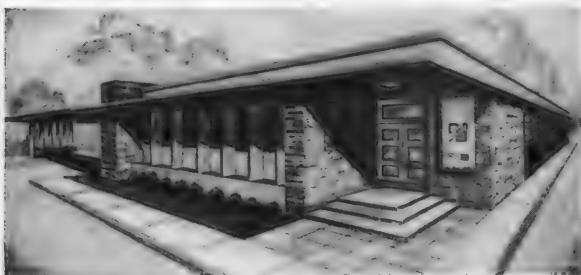
Capital Stock—Common.....	\$6,000,000.00
Surplus.....	6,000,000.00
Undivided Profits.....	7,402,630.87
Reserve for Taxes, Employees'	19,402,630.87
Pension Plan, etc.....	2,600,465.52
Deposits.....	208,419,483.48
	\$230,422,579.87



**THE
FIRST NATIONAL BANK**
AND TRUST COMPANY
OF OKLAHOMA CITY

MEMBER—
THE BANK WIRE

Member Federal Deposit Insurance Corporation



The Peoples State Bank of Belleville, Michigan. Designed by E. H. Daniels Associates



Office of The Pennsylvania Company for Banking and Trusts, Philadelphia, located along The Mall at Independence Square. Architect: Sidney E. Martin

New Bank Homes

BANKING presents here four pages of bank exteriors and interiors, representing a cross section of new construction and remodeling of the past year.

Although the National Production Authority is now exercising controls over construction of bank buildings (see pages 48 and 127, April **BANKING**), the NPA's view of the "essentiality" of banking facilities is considered liberal enough that a considerable amount of bank construction is expected to continue.



Addition to the First National Bank of Saint Paul, Minnesota. Architects: Ellerbe & Company



Farmers & Merchants State Bank, Tulsa, Oklahoma. Architects: William H. and Jean Evelyn Wolaver



Fort Worth National Bank Garage, Fort Worth, Texas, which has six parking levels. Architect-engineer: Preston M. Garen

Pacific Beach Branch of The United States National Bank of San Diego, California. Architect: Ralph Frank



Citizens Savings Bank and Citizens Trust Company, Pawtucket, Rhode Island. Architects: Cull and Robinson





First National Bank of Arizona, Phoenix. Architect: Welton Beckett



American National Bank, Vincennes, Indiana. Designed by J. J. Hart Company



Adirondack Trust Company, Saratoga Springs, New York. Interior design: W. & J. Sloane, New York



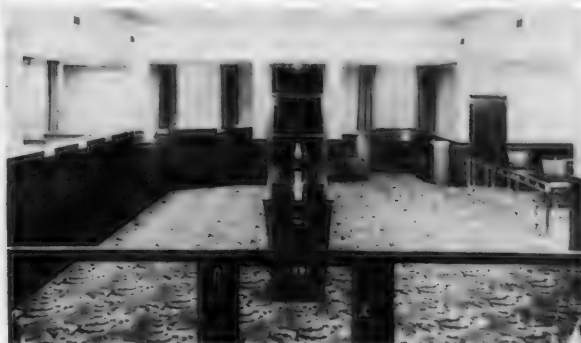
First National Bank of Smithton, Pennsylvania

Banco Nacional de Mexico, S.A., Mexico, D.F.



Sunnyside, Washington, Branch of the Old National Bank of Spokane. Completed by Bank Building and Equipment Corporation of America

The Citizens National Bank & Trust Company, Piqua, Ohio





Addition to the Indiana National Bank, Indianapolis. Architects: D. A. Bohlen & Son



First National Bank, drive-in branch, Memphis, Tennessee. Architects: Walk C. Jones & Walk C. Jones, Jr.

Lisbon, Ohio, branch of The Farmers National Bank, Salem, Ohio. Completed by Bank Building and Equipment Corp.



Western Saving Fund Society, Philadelphia. Architects: Harbeson, Hough, Livingston & Larson



Employees' lounge, Merchants and Farmers Bank, Statesville, North Carolina. Architects: Wooten & Wooten



Office of The Pennsylvania Company for Banking and Trusts, Philadelphia. Architect: Lewis Howell Shay

South Side Branch of the Toledo Trust Company, Toledo, Ohio. Architects: Britsch and Munger





Branch of The Clinton Trust Company, New York City, in the Port of New York Authority's Union Motor Truck Terminal. Architect: Emil Backstrom



First National Bank of Arizona Office in Tempe. Supervising architect: Kemper Goodwin



First National Bank of Hopkins, Minnesota. Architects: Magney, Tusler and Setter

The First National Bank & Trust Company, Macon, Georgia. Architect: W. Elliott Dunwoody, Jr.



Commercial National Bank of Santa Ana, California. Architect: Stiles Clements

Doors of The Western Saving Fund Society's main office building in Philadelphia open automatically at the slightest pressure on the handles.



The Yellowstone Bank, Laurel, Montana, with its mural by Bernard Thomas. Architect: Frank Moorman



Rail Bonds

(CONTINUED FROM PAGE 52)

ings Banks' Association of Connecticut, and two from nominations made by the executive committee of the Savings Banks' Deposit Guaranty Fund of Connecticut, Inc.

The present committee members are: Kent T. Healy (chairman), Professor of Transportation, Department of Economics, Yale University; Charles J. Lyon (secretary), president and treasurer, Society for Savings, Hartford; Philip S. Davison,

president, Mechanics & Farmers Savings Bank, Bridgeport; Carl G. Freese, president and treasurer, Connecticut Savings Bank, New Haven; Allerton C. Hickmott, vice-president, Connecticut General Life Insurance Company, Hartford; and Robert H. Whitney, first vice-president and treasurer, Bridgeport-City Trust Company, Bridgeport.

The committee usually meets each month to review new material that its analyst, John F. McGowan, assistant vice-president of the Savings Banks' Deposit Guaranty Fund, has

prepared. During its last fiscal year the committee reviewed 90 new railroad bond issues having a par value of \$725,000,000, representing 43 railroad systems. They approved 49 new issues having \$382,000,000 par value. They also removed from the eligible list 16 outstanding mortgage bond issues with a par value of \$386,000,000.

A recent study made by the Savings Banks' Deposit Guaranty Fund indicates that the following railroad bonds are held by savings banks in Connecticut:

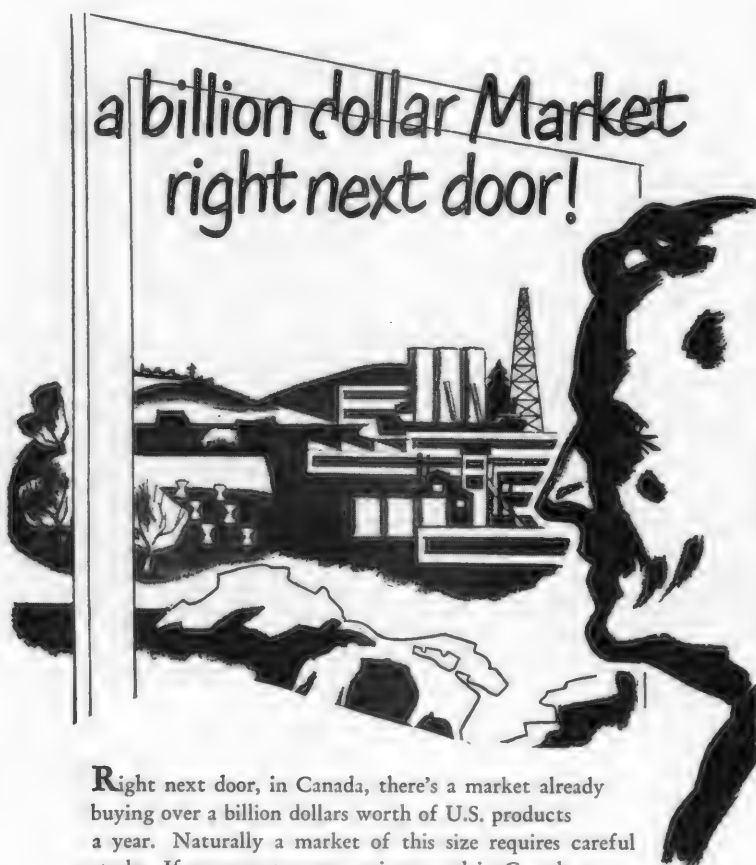
	Par Value	% of Total Rails
Equipment trust issues	\$26,348,000	50.5
Mortgage bonds	25,797,000	49.5
	<hr/> \$52,145,000	<hr/> 100.0

On pages 53 and 122 appears the complete list of legal railroad securities for Connecticut savings funds. This list has been compiled after careful study, and should be of interest wherever savings funds are invested. The recent survey reveals that savings banks in Connecticut have the following concentration in six of the leading railroad systems:

	Equipment Trust Issues	Mortgage Bonds
Pennsylvania	\$4,633,000	\$2,583,000
Chesapeake & Ohio	3,399,000	1,886,000
Union Pacific	710,000	3,077,000
New York Central	3,173,000	439,000
Southern Pacific	3,409,000	703,000
Great Northern	1,115,000	1,852,000

In deciding upon a committee method to determine eligibility of railroad bonds as legal investments for savings funds it was recognized that investment quality cannot be determined at all times by an inflexible formula fixed by a statute. The complex nature of railroad operations and finance, and the wide

(CONTINUED ON PAGE 122)



Right next door, in Canada, there's a market already buying over a billion dollars worth of U.S. products a year. Naturally a market of this size requires careful study. If your customers are interested in Canada, we can supply you with facts and figures they will require. For our Monthly Review, our brochures on "American Oil Interests Entering Canada" and "Canadian Taxes and Other Legislation," or any specific information you wish about Canada, write to our general offices in Toronto.

THE BANK OF NOVA SCOTIA

Over 360 branches across Canada and abroad

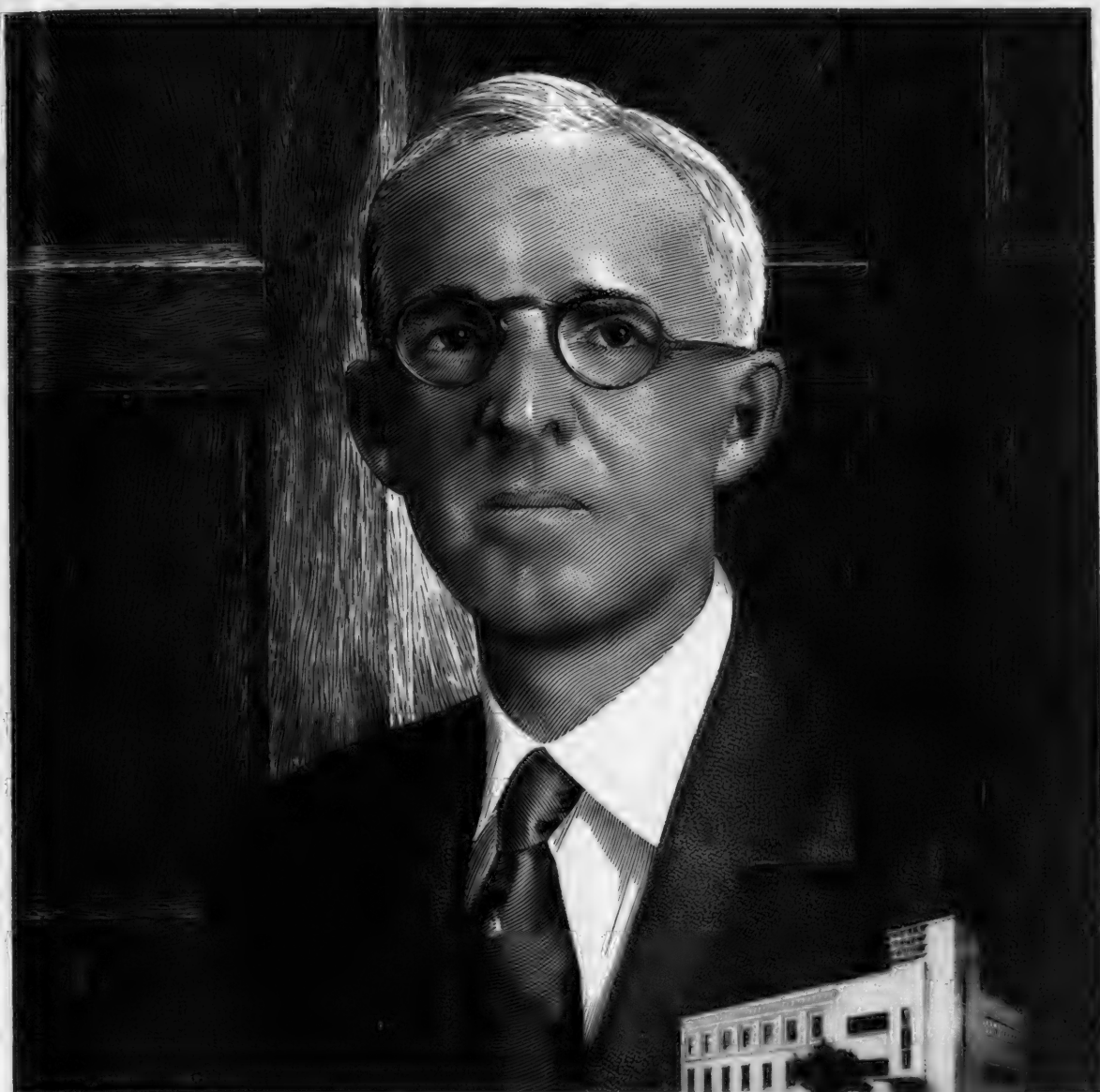
New York Office: 49 Wall Street

General Office: Toronto, Canada

Credit maintains commerce. Commerce unites people. Ninety percent of the world's commerce is conducted on credit.

It follows that nine jobs out of ten are made possible by use of credit.

—John J. Mason
The Industrial Banker



"We selected the Bank Building and Equipment Corporation of America to design and build our new quarters largely because of the organization's broad acceptance among bankers throughout the country. We insisted that our modernized and enlarged quarters be beautiful, convenient for both customers and staff employees. The completed job covers these points and many more. We are entirely satisfied with the job—and feel that business definitely has improved since modernization. The fact that your company worked *with us*—rather than trying to induce us to make changes we did not desire, was particularly gratifying."

GEORGE E. LEWIS, PRESIDENT

THE LEWIS STATE BANK, TALLAHASSEE, FLORIDA

CAPITAL FUNDS: \$608,000 RESOURCES: \$15,557,000

*Serving the American banking profession for over 38 years
with unquestioned integrity and responsibility*



**Bank Building and
Equipment Corporation**

OF AMERICA

NINTH & SIDNEY STS. ST. LOUIS 4, MO., U. S. A.

OFFICES IN NEW YORK • SAN FRANCISCO • ATLANTA • ST. LOUIS

May 1951

121

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(CONTINUED FROM PAGE 120)

fluctuations in gross revenues and operating expenses due, among other causes, to the recurring cycles of national prosperity and depression, suggested a new approach to an old problem. It was further felt that investment quality could best be determined by the considered judgment of men experienced in the analysis of railroad investments whose only interest in this regard was the secure investment of the savings of the general public as depositors in savings banks and in the savings departments of state banks and trust companies.

This new experiment in statutory law became effective in Connecticut on June 26, 1945. Its successful operation since that time accounts for the continued high regard in which this method of selecting legal bonds for savings investments is held by legislators and bankers alike.

Railroad Bonds—(continued from page 53)

St. Paul Union Depot Company	
First and Refunding, Series B	3½s, Oct. 1, 1971
Seaboard Air Line Railroad Company	
First Gold	4s, Nov. 1, 1989
Seaboard Air Line Railroad Company	
Equipment Trusts	9 issues
Seaboard Air Line Railway Company	
Equipment Trusts	6 issues
South & North Alabama Railroad	
General Consolidated Gold	5s, Oct. 1, 1963
Southern Pacific Company	
Equipment Trusts	17 issues
Southern Pacific Railroad Company	
First, Series E	2½s, Jan. 1, 1986
First, Series F	2½s, Jan. 1, 1986
First, Series G	2½s, Jan. 1, 1981
Southern Railway Company	
Consolidated	5s, July 1, 1994
Equipment Trusts	10 issues out of 12
Spokane, Portland & Seattle Railway Company	
Equipment Trusts	1 issue
Terminal Railroad Association of St. Louis	
Refunding and Improvement, Series D	2½s, Oct. 1, 1985
Texas & Pacific Railway Company	
Equipment Trusts	6 issues
Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans	
First, Series A	3½s, June 1, 1974
Tulsa Union Depot Company	
First	3½s (now 2½s), July 1, 1959
Union Pacific Railroad Company	
Refunding, Series C	2½s, Mar. 1, 1991
Equipment Trusts	4 issues
Union Railroad Company	
Equipment Trusts	3 issues
Union Terminal Company	
First	3s, June 1, 1978
United New Jersey Railroad & Canal Company	
General	4½s, Feb. 1, 1973
General	4½s, Sept. 1, 1979
General	3s, Oct. 1, 1973
General	3½s, Mar. 1, 1976
Vandalia Railroad	
Consolidated, Series A	4s, Feb. 1, 1955
Consolidated, Series B	4s, Nov. 1, 1957
Virginian Railway Company	
Equipment Trusts	1 issue
Wabash Railroad Company	
First, Series B	3½s, Feb. 1, 1971
Equipment Trusts	6 issues
Washington Terminal Company	
First, Series A	2½s, Feb. 1, 1970
First, Series B	2½s, May 1, 1974
Western Maryland Railway Company	
Equipment Trusts	8 issues
Western Pacific Railroad Company	
Equipment Trusts	2 issues
Wheeling & Lake Erie Railway Company	
General and Refunding, Series A	2½s, Sept. 1, 1992
General and Refunding, Series B	2½s, Aug. 15, 1974
General and Refunding, Series C	2½s, Aug. 15, 1974
Equipment Trusts	12 issues
Wichita Union Terminal Railway Company	
First	2¼ to 2½s, Serially to Nov. 1, 1961
Winston-Salem Southbound Railway Company	
First	4s, July 1, 1960
Winston-Salem Terminal Company	
First	3½s, Sept. 1, 1970

The figures opposite equipment trust issues indicate the number of such issues which are eligible for investment. Where a single figure appears it indicates that all equipment trust issues outstanding qualify. Where all outstanding equipment trust issues are not eligible, the number of issues approved as well as the total number of outstanding issues is given.

NATIONAL BANK OF DETROIT

COMPLETE BANKING AND TRUST SERVICE

STATEMENT OF CONDITION, APRIL 9, 1951

RESOURCES

Cash on Hand and Due from Other Banks		\$ 380,361,479.38
United States Government Securities		709,601,183.83
Other Securities		120,805,214.65
Loans:		
Loans and Discounts	\$ 252,297,733.15	
Real Estate Mortgages	<u>61,396,522.06</u>	313,694,255.21
Accrued Income and Other Resources		6,332,706.43
Branch Buildings and Leasehold Improvements		2,269,584.69
Customers' Liability on Acceptances and Letters of Credit		6,342,831.13
		<u>\$1,539,407,255.32</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,213,725,902.70	
United States Government	203,212,038.16	
Other Public Deposits	<u>40,183,733.81</u>	\$1,457,121,674.67
Accrued Expenses and Other Liabilities		7,866,169.41
Dividend Payable May 1, 1951		750,000.00
Acceptances and Letters of Credit		6,342,831.13
Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	45,000,000.00	
Undivided Profits	<u>7,326,580.11</u>	67,326,580.11
		<u>\$1,539,407,255.32</u>

United States Government Securities carried at \$242,635,370.61 in the foregoing statement are pledged to secure public deposits, including deposits of \$14,401,943.09 of the Treasurer-State of Michigan, and for other purposes required by law.

BOARD OF DIRECTORS

HENRY E. BODMAN
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32 OFFICES IN DETROIT

MAIN OFFICE—WOODWARD AT CADILLAC SQUARE—DETROIT 32, MICHIGAN

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Air mail your West Coast items to
AMERICAN TRUST COMPANY
San Francisco

Many correspondents save time by routing all western items to this address . . .

At this strategic location, our Day-and-Night Transit operation provides swift service. Our many offices and west-wide relationships offer unusual facilities for collection.



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Statement of Condition - March 31, 1951

RESOURCES		LIABILITIES	
Cash on Hand and in Banks	\$ 209,315,092.76	Deposits	\$1,008,036,192.87
U. S. Government Obligations	292,463,323.28	Letters of Credit and Acceptances	11,827,035.00
State, County, and Municipal Bonds	57,772,090.58	Reserve for Unearned Discount	4,438,727.17
Other Bonds and Securities	7,014,222.76	Reserve for Interest, Taxes, etc.	8,081,714.17
Stock in Federal Reserve Bank	1,211,150.00	Other Liabilities	6,930,170.50
Loans and Discounts	491,380,360.65	Capital Stock	
Bank Premises and Equipment	9,349,000.93	Preferred	\$ 5,904,000.00
Other Real Estate	1.00	Common	12,403,700.00
Customers' Liability under Letters of Credit and Acceptances	11,747,606.43	Surplus	22,063,720.00
Accrued Interest Receivable and Other Assets	7,072,460.08	Undivided Profits	7,640,048.76
Total Resources	\$1,087,325,308.47	Total Liabilities	48,011,468.76
			\$1,087,325,308.47

United States Government and other securities carried at \$150,836,461.33 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

Better Government

(CONTINUED FROM PAGE 35)

local relations, a subject considered immensely important in these days of constantly increasing state and Federal participation in local affairs. Tax Commissioner Henry F. Long lectures on state taxation.

Mr. Agnew's own education was decidedly informal. He started as a messenger in the bank 29 years ago, studied bookkeeping and accounting at night. Then he took a 4-year night course in law at Northeastern University when he found that he needed legal knowledge in his business.

A member of a famous Boston firm of engineers, Paul Howard of Whitman & Howard teaches public works and city engineering, and supplies at his own expense all blueprints for classroom study. City Manager William J. Deegan, Jr., of Quincy, and Town Manager Donald H. Blatt of Stoughton (one of the earlier Institute graduates) run courses in budgets, personnel, purchasing, inventory, and other managerial functions. B. Howard Spicker of the Boston accounting firm of the same name teaches municipal accounting. Albert Wunderly, well known Boston attorney, teaches municipal law. Faculty members receive small weekly salaries which they turn back to the school to pay the tuition of outstanding students who need help.

Proof of the Pudding

Graduates are at a premium and Mr. Agnew could find jobs for twice as many trained men as he has. A dozen of them, after serving as managers of nearby New England towns, have been called to larger communities in the South and Midwest. All continue to keep in close touch with Mr. Agnew and with each other.

One recent graduate, serving in his first managerial job, called from a city some 50 miles from Boston.

"I'm in trouble," he reported. "Water pressure in one section of my city is so low that it makes a bad fire hazard. My water superintendent is stumped. I've done everything I know and can't seem to correct it."

"I'll see what I can do," Mr. Agnew promised. Then he began to telephone graduates in other nearby towns. Next day the water super-

Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVE. AT 44th ST. MADISON AVE. AT 60th ST. † LONDON PARIS
ROCKEFELLER PLAZA AT 50th ST. BRUSSELS

Condensed Statement of Condition, March 31, 1951

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 752,227,696.08	
U. S. Government Obligations	782,194,389.80	
Loans and Bills Purchased	1,294,961,299.88	
Public Securities	\$117,354,974.71	
Stock of Federal Reserve Bank	9,000,000.00	
Other Securities and Obligations	24,959,162.88	
Credits Granted on Acceptances	10,935,459.14	
Accrued Interest and Accounts Receivable	7,400,869.75	
Real Estate Bonds and Mortgages	17,753,732.76	187,404,199.24
Bank Premises		5,020,209.15
Other Real Estate		16,572.40
Total Resources	\$3,021,824,366.55	

LIABILITIES

Capital	\$100,000,000.00	
Surplus Fund	200,000,000.00	
Undivided Profits	75,819,723.27	
Total Capital Funds	\$ 375,819,723.27	
Deposits		2,579,928,778.36
Foreign Funds Borrowed		225,000.00
Acceptances	\$ 16,826,920.61	
Less: Own Acceptances Held for Investment	3,915,800.75	
	\$ 12,911,119.86	
Dividend Payable April 16, 1951	3,000,000.00	
Items in Transit with Foreign Branches	1,223,147.71	
Accounts Payable, Reserve for Expenses, Taxes, etc.	48,716,597.35	65,850,864.92
Total Liabilities	\$3,021,824,366.55	

Securities carried at \$339,817,967.01 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

WILLIAM L. KLEITZ
President

DIRECTORS

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RAYMOND C. GAUGLER	President, American Cyanamid Company	ROBERT W. WOODRUFF	Chairman, Executive Committee, The Coca Cola Company

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ONE of the nation's fastest growing regions—rich in natural resources—favored in climate—unrivalled for inspiring scenery — with industrial and commercial opportunities hardly scratched—the Pacific Northwest.

Visit it for pleasure—enjoy its fishing and other outdoor sports—study its present advantages and future possibilities—learn what it may offer for your profit.

Here in the State of Washington you will find one of America's leading banks—a statewide institution with 50 banking offices located in the principal districts of the State—a bank that has served this region for 81 years and has been a factor in the development of the Pacific Northwest and Alaska.

Executives of any of our offices will gladly help you to know this region better.

A QUARTERLY PUBLICATION of this Bank giving a careful review and digest of business and industrial conditions in the Pacific Northwest will be mailed to you regularly upon request.



SEATTLE-FIRST NATIONAL BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

intendents of three New England communities drove up to the troubled manager's door. For hours they studied blueprints of his water system, and then they made a quick survey of the mains. Tracing the water flow, they opened some valves wider, closed some slightly. Before night they had good pressure flowing evenly all over town.

Similarly they help one another with budget and police problems, compare notes on purchases, and stand ready with helping hands if one of "Agnew's boys" calls for aid. Every few weeks regional groups meet for an evening's discussion of welfare, recreation, garbage disposal or the cost of fire hose. When one has found a solution to a knotty problem, or a short cut, he spreads the news.

Take the matter of city trucks. Mr. Agnew's students learned by shared experience that aluminum paint is cheaper to apply, lasts longer, shows less wear.

One Trademark

"When you see a New England city where all the garbage trucks, water department trucks, street repair trucks and park maintenance trucks are sparkling aluminum," Mr. Agnew says, "you'll usually find that one of my boys is city manager. What's more, you'll find that the truck crews, proud of their equipment, are doing better work, and accomplishing more at lower cost."

It all started when The First National Bank of Boston found itself holding several millions in defunct municipal securities. The bank has little to worry about in this field today. In the many communities where Institute graduates are running the towns, the bank knows that their notes and bonds are as good as gold—and that's worth money to any bank with money to loan.

"Banking and education working together offer a solid investment, and it's paying off on the nose," Teacher Agnew says. (END)

If we are to save our economy and if we are to reduce the economic disparity throughout the world by raising the standards of our neighbors rather than by lowering our own, we must practice thrift.

—JOSEPH EARL FERRY, *President*
Newton (Mass.) Savings Bank

A very broad and very human view of the many services performed by American banks is shown in this advertisement, which appeared in the April 23 issue of LIFE. In publishing it, Mosler feels it is performing even greater service to the public than to the banks of the nation.

Can you find your Bank in each of these pictures?



1. LOOK CLOSELY . . . your bank is behind the proud look in the eyes of these parents. For wasn't it *at the bank* that their savings accounts grew to make this day possible? Over 65,000,000 savings accounts in American banks provide a safe place for security to find reality, for dreams to come true.



2. BEHIND THAT COMBINE you'll find your bank again . . . working with the farmer to help him produce more for others and better his own living. He depends on your bank (and his) to help him purchase new, labor-saving equipment . . . buy cattle, sheep and hogs for fattening and resale to the market.



3. THE REAL "FOUNDATION" for this new plant is the sound commercial bank loan that took it off the blueprints and made it a reality. Your bank is a partner in your community's growth. Not only in helping finance expanded facilities but also in the daily and seasonal operation of businesses.



4. YES, YOUR BANK is responsible for making that smile just a little wider on this happy father's face. For your bank is ready to ease the load of doctor and hospital bills, as well as other emergency expenses, with a personal loan at low-cost bank rates . . . which can be repaid in small payments.



5. AND, YOU RECOGNIZE the one safe place to keep your Government Bonds—your bank's safe deposit vault (very likely built by Mosler). A safe deposit box is the place to keep *all* of your securities, insurance policies, wills, birth certificates . . . any papers or treasures that you can't risk losing.



6. AND NOW . . . even drive-in banking! Swing in and complete your banking transaction without getting out of your car. Mosler drive-in bank installations make it as *safe* as it is convenient. Could there be any more convincing evidence of the modern, progressive spirit of today's banks?

EVERY AMERICAN with a bank deposit or even one share of bank stock has an important stake in American banking. Here are just a few of the vitally important services your banking system offers in return: Checking Accounts • Corporate and Private Trusts • Payroll Accounts • Agency Accounts • Stock Registration and Transfer Services • Collections and Drafts • Pension Plans • Night Depositories • Information Services, and many others.

Over 70% of the nation's banks (and leading businesses) rely on Mosler vaults, record safes, and other protective equipment. For no Mosler Bank Vault has ever failed to give complete protection.

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Washington

(CONTINUED FROM PAGE 49)

ter with as low interest rates as possible. I think more private capital will be stimulated and created by it. I don't want to see interest rates kept low if it is going to promote inflationary pressures. I don't think that is sound, and I don't think it helps matters, either the debt or stability.

"But the problem . . . is how to get as much for your money as possible in terms of restraining inflation without creating a psychology of despair and disaster in markets that cannot be rebuilt quickly."

Mr. Martin expressed the opinion, incidentally, that the March 6 agreement between the Treasury and Federal Reserve Board did not breach Secretary Snyder's January 18 pronouncement that financing would be carried on within the framework of the 2½ percent interest rate pattern, but, "market conditions may make it impossible to work within that framework, which is another matter."


The new chairman of the Federal Reserve Board also expressed his views about the nature of intervention of the Reserve into the markets for governments.

He doubted that there ever will be "completely free markets, because markets are nursed along as children are nursed along." He said: "I can say that certainly the Federal Reserve should assume the responsibility for an orderly market. When you have an orderly market, that doesn't mean you create a false market, but you shouldn't have air pockets in markets. There should never be a point where people who have securities to sell cannot find buyers. When *bona fide* holders of securities go to the market and are not sure that they can sell at any price it creates panic and fear in a market that shouldn't exist."

Senator John W. Bricker (R., Ohio) observed that there was no danger of such a situation.

"None whatever, but there are some people who carry this idea of a free market too far," Mr. Martin responded. In response to a question he said he agreed with Senator Douglas's definition of an orderly market as one "where, in any one day, the drops were not great, that is, where the bottom did not fall out, even

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Legal Requirements

though over long periods of time there were shifts in market quotations."

Influence of Bank Loans

The new chairman of the Federal Reserve Board, in the course of the hearing, made a few observations with respect to certain current situations in the monetary field.

In his opinion, if only \$4- to \$5-billion of the outstanding bank ineligibles of 1967-62 were offered in exchange for the 24- to 29-year 2¾ percent bonds, "we would be doing very well."

Certain members of the Banking Committee adopted the viewpoint that the increase in commercial bank loans was the primary cause of inflation. "I just wanted to say that I think the increase in bank loans has had some influence but I do not think that has been the controlling influence," he insisted.

He said that "I would hope that we could have a free market during those 10 weeks," referring to the time elapsing before the refinancing of more than \$39-billion comes up, starting on June 15.

Nonbank money just was not available in quantity, Mr. Martin indicated to the committee. "... what the situation will be six months from now, I would hesitate to predict. I would think, if controls begin to bite, and if the shortages I am afraid are going to arise occur drastically, that we may have quite a wad of money coming in," he said.

The new chairman of the Federal Reserve Board also observed: "I would like to say simply . . . that I sincerely believe we are in a period of adjustment in our thinking on money and banking and . . . we may be in a type of money revolution."

Mr. Howse Selected

As part of the "new management" phase of recent developments, Mr. Wilson as Director of Mobilization has displayed a keen interest in credit control. He has interested himself in consumer instalment loans and mortgage financing, and has played a part in reaching decisions and formulating thinking respecting commercial bank lending generally.

For his chief adviser on these subjects, Mr. Wilson brought back into service an individual who is characteristic of the "Wilson team." It consists of men who have had both wide business experience and a wide

background of Government service during War II. This "team" of special assistants all know their way around Government, particularly the frustrations and problems involved in getting a decision put across, and they all know business.

The adviser on fiscal and credit subjects is Alfred E. Howse of Wichita, Kansas, whose business background has been varied indeed. His interests include retailing, wholesaling, and construction operations throughout Oklahoma, Texas, New Mexico, Colorado, and Kansas.

Mr. Howse also, since 1930, has

handled a number of business reorganizations on behalf of banks, and his brother, R. K. Howse, is a director of the First National Bank of Wichita, Kansas.

Bankers will know him from the leading, practically decisive part he played in setting up the V-loan program during War II. He was instrumental in persuading Robert P. Patterson, former War Secretary, to adopt this idea, and he and Mr. Patterson explained its advantages to President Roosevelt who, almost as soon as it was explained, adopted the idea and brought the new V-loan

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plan into being by Executive Order.

At the time Mr. Howse promoted this program, the Services were in the process of building up extensive staffs throughout the country to handle advance payments to war contractors. The V-loan program avoided the necessity for such a program.

Mr. Howse's governmental experience was outstanding and varied. He was selected to organize procurement and decentralize it for the Air Corps, then part of the Army, and, after setting up all the difficult arrangements for this procurement, he was detailed to organize supply for the Air Corps in the Pacific

phase of the war, and was retired in 1945 as a colonel. However, he was quickly taken as a civilian to the Office of War Mobilization under James F. Byrnes as an adviser on contract termination, and assisted in developing the contract termination program.

Following this Mr. Howse was made administrator of the Surplus Properties Board, where he developed the basic regulations and procedures for the entire surplus property disposal program. In this capacity he successfully opposed some officials who wanted to set up Government-owned stores to handle the sale of surplus property.

Voluntary Credit Control

One of the policy decisions which has crystallized in the last few weeks is that officials have come to center their interest very largely in the voluntary credit restraint program. This is the program which was given the very great assistance of the American Bankers Association, and which was formally promulgated March 14 by the Reserve Board.

It is this program upon which officials are relying for achieving the maximum reduction in the inflationary effects of credit. All officials concerned have given it their enthusiastic cooperation, particularly Messrs. Wilson, Snyder, Martin, and the White House.

While under the Defense Production Act, the Federal Reserve System is delegated the authority to organize the machinery for bringing voluntary credit restraint into operation, officials emphasize that it is a bank program, not primarily a Federal Reserve program. They note that it is only the lending institutions themselves which can make the plan work successfully.

The machinery for application of the voluntary credit restraint program consists of a national Voluntary Credit Restraint Committee—consisting of four members each from commercial banks, insurance companies, and investment bankers—and regional committees.


Those representing the commercial banks are George S. Moore, vice-president, the National City Bank, New York; Carlisle R. Davis, vice-president, State-Planters Bank and Trust Company, Richmond, Virginia; Kenton R. Cravens, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, and Everett D. Reese, president and trust officer, Park National Bank, Newark, Ohio.

One regional committee has been appointed for each of the 12 Federal Reserve districts. The principal work of the regional committees, explains the Federal Reserve Board, "will be to offer opinions and advice to lenders as to the desirability of specific loans under the 'statement of principles' which was sent to all lenders."

"The purpose of the program is to reduce inflationary pressures due to lending and to facilitate national defense," the Board says.

(CONTINUED ON PAGE 132)

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Head Office - - LIMA

59 Branches Throughout the Country

CAPITAL - \$7,26,000,000.00

SURPLUS - \$7,48,633,080.48

"Peru's Oldest National Commercial Bank"

Republic National Bank of Dallas

Statement of Condition, April 9, 1951

RESOURCES

Cash and Due from Banks	\$113,569,361.35
U. S. Government Securities	37,578,741.39
State, Municipal and Other Securities	4,388,586.47
Stock in Federal Reserve Bank	975,000.00
Loans and Discounts	201,720,612.75
Bills of Exchange and Commodity Loans	20,711,380.67
Bank Premises and Equipment	2,354,235.69
Real Estate for Bank Expansion	2,528,131.37
Acceptances—Customers Account	6,977,572.10
TOTAL	\$390,803,621.79

LIABILITIES

Capital	\$ 16,000,000.00	
Surplus	16,500,000.00	
Undivided Profits	3,964,899.38	36,464,899.38
Reserve for Contingencies	2,503,221.71	
Reserve for Taxes, Etc.	2,067,942.99	
Acceptances—Customers Account	7,078,572.10	
Deposits:		
Individual	234,468,061.12	
Banks	92,178,062.27	
U. S. Government	16,042,862.22	342,688,985.61
TOTAL	\$390,803,621.79	

* * *

The assets of the Republic National Company, including its capital stock of \$3,000,000, are not included in above statement. The Company owns controlling stock in the following banks located in Greater Dallas, all affiliated with the Republic National Bank:

FAIR PARK NATIONAL BANK	LAKEWOOD STATE BANK
GREENVILLE AVENUE STATE BANK	NATIONAL CITY BANK
HIGHLAND PARK STATE BANK	OAK CLIFF BANK & TRUST CO.
OAK LAWN NATIONAL BANK	

*Deposits of the Republic National Bank and
Affiliated Banks aggregate \$436,427,290.39*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 130)

The plan is entirely voluntary and it has the full approval of the Federal Reserve System, the Attorney General, and the Federal Trade Commission.

Chairmen of the various regional committees for the Federal Reserve Bank districts are as follows:

First district: Charles E. Spencer, Jr., chairman of the board, The First National Bank of Boston.

Second district: George Whitney, chairman of the board, J. P. Morgan & Co., Inc., New York.

Third district: Frederick A. Potts, president, The Philadelphia National Bank.

Fourth district: John K. Thompson, president, Union Bank of Commerce, Cleveland, Ohio.

Fifth district: Archie K. Davis, senior vice-president, Wachovia Bank & Trust Company, Winston-Salem, N. C.

Sixth district: John A. Sibley, chairman of the board, Trust Company of Georgia, Atlanta.

Seventh district: Homer J. Livingston, president, the First National Bank of Chicago, Chicago, Ill.

Eighth district: Sidney Maestre, president, Mississippi Valley Trust Company, St. Louis.

Ninth district: Arthur H. Quay, president, First National Bank of Minneapolis.

Tenth district: D. T. Beals, president, the Inter-State National Bank of Kansas City, Missouri.

Eleventh district: Milton F. Brown, president, Mercantile National Bank at Dallas.

Twelfth district: E. C. Sammons, president, the United States National Bank of Portland, Oregon.

Organizationally, the national committee also named four regional voluntary credit control committees each for the insurance and investment banking companies, one each for the East, the Midwest, the Northwest, and the West Coast.

It was also stated that more regional committees will be established than the 12 for commercial banks and four each for insurance and investment banks, if the volume of business requires more locally situated committees so that lenders may have access to their members for consultation.

Oliver S. Powell, member of the Federal Reserve Board, is chairman of the national Voluntary Credit Restraint Committee, and has been devoting nearly all his time to assisting in setting up the organization for this endeavor.

Mr. Wilson, in a letter to the Secretary of Commerce, proposed that the department's Business Advisory Council undertake a parallel drive to restrain credit. The idea was that the Council, representative of businessmen, spread the word to industry that they should refrain from approaching banks for loans for inflationary purposes.

It was emphasized by officials that it is the responsibility of individual banks to determine in the last analysis what to do about an allegedly inflationary loan. The voluntary credit committees are available for advice and consultation with a view to helping an individual lender reach a decision in any given case as to whether a particular type of loan would be inflationary. The decision to lend or to refuse credit, however, is the decision of the individual bank.

Alternatives Not Favored

Involved in the decision to stress the voluntary credit restraint pro-

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gram was a parallel decision to avoid, or place less emphasis upon, various alternatives.

In particular, the Administration has abandoned any idea of rationing credit through establishing a ceiling on total loans outstanding. The heart of the President's memorandum of February 26 indicated this idea of a ceiling. It was proposed at that time to use the Emergency Banking Act of 1933 for member banks, and the Trading with the Enemy Act for nonmembers, to prevent the expansion of credit.

Officials later reached the opinion that when, as, and if they ever felt that more drastic curbs over bank credit were needed than were available under existing law, they would ask Congress for direct authority to utilize such extraordinary powers. They came to feel that using these old acts to control credit was a subterfuge and should not be resorted to.

On the other hand, there was no indication that in official minds any extraordinary or unprecedented legal power was necessary. Hence it may not be anticipated in any reasonable time that such extraordinary powers will be sought.

There also has developed in recent weeks a change in official thinking in most quarters about the nature of the bank credit problem. There is less and less interest in a purely

Russell D. Miller has been named treasurer of the Federal Deposit Insurance Corporation, in which capacity he will head the division of finance and accounts. He has been with the FDIC since 1937, starting as an attorney in the legal division



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BALANCE SHEET

31st December, 1950

Assets

Current Assets:	
Cash in hand, with the Banque Nationale and Postal	
Cheque Office	Frs. (1)
Money at call	860.946.348,16
Balances due from banks	415.000.000,—
Head Office, Branches and Banking Affiliates	919.581.030,34
Other short term assets	508.085.349,52
Bills portfolio:	
Trade bills	1.944.002.628,54
Government bills rediscountable with the Banque Nationale	2.900.000.000,—
Government bills mobilizable up to 95% with the Banque Nationale	8.396.500.000,—
Loans and advances on securities	13.240.502.628,54
Customers liability for acceptances	200.394.842,28
Accounts receivable	2.136.704.338,61
Securities portfolio:	
Legal reserve securities	4.655.485.510,82
Belgian government securities	50.000.000,—
Foreign government securities	2.332.082.960,55
Bank stocks	1.928.513,50
Other securities	590.627.851,—
Other assets	240.333.618,—
	3.214.972.943,05
	70.714.042,64
	27.003.295.774,40
Fixed Assets:	
Bank Premises	121.000.000,—
Participation in real estate subsidiary companies	1,—
Amounts due from real estate subsidiary companies	1,—
(1) 1 \$ = 50 frs. belges	
	121.000.002,—
	Frs. 27.124.295.776,40

Liabilities

Current Liabilities:	
Preferred or guaranteed creditors:	Frs. (1)
Banque Nationale de Belgique	21.722.767,80
Other creditors	21.722.767,80
Balances due to banks	21.722.767,80
Head Office, Branches and Banking Affiliates	959.640.949,87
Acceptances	287.813.057,81
Other short term liabilities	2.136.704.338,61
Creditors for bills in course of collection	477.312.731,63
Deposits and current accounts:	
on sight or at one month's notice	719.909.772,49
time deposits	17.819.406.587,78
Amounts callable on securities	2.658.269.805,87
Other liabilities	20.477.676.393,65
	323.118.495,—
	241.465.847,75
	25.645.364.354,61
Capital and Reserves:	
Capital	500.000.000,—
Legal reserve fund (Royal Decree n° 185 art. 13)	50.000.000,—
Available reserve	595.671.175,33
Reserve deriving from revaluation of investments	154.328.824,67
	1.300.000.000,—
Profit and Loss Account:	
Balance brought forward	18.816.001,24
Balance for 1950	160.115.420,55
	178.931.421,79
	Frs. 27.124.295.776,40

Contingent Accounts

Assets pledged as collateral:	
for own account with Banque Nationale (credit unused)	2.110.000.000,—
for account of others	12.690.007,—
Securities pledged for own account	2.122.690.007,—
Guarantees received	16.250.000,—
Guarantees given for account of others	8.930.676.290,04
Bills rediscounted	2.755.558.289,35
Forward exchange	2.732.747.274,17
Securities held in safe custody	1.982.988.638,45
Monetary reform loan (Law of 14-10-1945 art. 1):	
a) for private holders	52.472.880.225,12
b) for tax-collectors	7.635.981.623,17
	691.540.914,48
Other accounts	8.327.522.537,65
	2.848.106.904,76

monetary figure of total loans outstanding. It is acknowledged in most quarters that the higher prices and larger business volume now prevailing under the "defense build-up" era vitiate somewhat comparisons with previous loan trends.

It is also acknowledged in some quarters, other than perhaps the Federal Reserve Board, that the large objectives of the Administration may require a substantial increase in bank credit. The Administration is desirous not only of ade-

quate financing of war production, but of the construction of industrial facilities to boost both war and necessary civilian production.

Nevertheless, what officials most want to discourage is loans which are definitely of an inflationary character. And the only device which they can see which is geared directly to the handling of this problem is voluntary credit control.

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Owners, mortgagees, trust officers, and others responsible for safeguarding property need not fear loss pains if they are protected with property insurance in the proper amounts. If you have an insurance problem that is causing twinges now, why not consult us. But don't procrastinate—tomorrow may be too late.

THE PHOENIX-CONNECTICUT GROUP OF FIRE INSURANCE COMPANIES, HARTFORD, CONN.

Combined Statement December 31, 1950

Assets	\$141,920,367
Liabilities	70,080,153
Surplus as regards policyholders	71,471,872
Losses paid to December 31, 1950	483,685,642

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New York Representative — Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

The Patman Inquiry

On April 9 it was announced that Representative Wright Patman (D., Tex.), a member of the Congressional Joint Committee on the Economic Report, was designated chairman of a JEC subcommittee to hold hearings into and study "general credit control and debt management." It was announced that the Patman group would conduct this inquiry, however, without duplicating the work of the Douglas JEC subcommittee on this subject in hearings during the fall of 1949.

It was indicated that aside from studying the general relationship of economic expansion to inflation, the subcommittee under Mr. Patman's direction would inquire into changes in interest rates and their effects both upon expansion and inflation, the proposed "special reserve," credit rationing, and possible new kinds of instruments for handling the public debt.

Chairman Patman has been a frequent critic of the Federal Reserve System, and the decision to allow him to go ahead with an inquiry reflected a feeling of dissatisfaction in certain congressional quarters that, under the March 6 agreement between the Treasury and Federal Reserve System, some interest rates have been allowed to rise.



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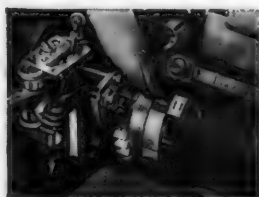
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also of famous Smith-Corona Portable
Typewriters, Adding Machines, Vivid
Duplicators, Ribbons and Carbons.

A "Clean Slate" to Save \$10-Billion

(CONTINUED FROM PAGE 56)

civil budget, relieved of previous commitments. This we believe is a positive contribution toward solution of this vital and difficult problem.

Today's Fiscal Situation

The committee began its study with a careful review of fiscal realities today. The fiscal situation in brief is this: We need enormous amounts of money to pay for rearmament. Whether we like it or not, we are in an armament race with Russia and the Comintern. Already, the United States is putting aside a large part of its industrial production to meet the threat. A bigger slice of future production is earmarked for defense. Of the \$71.5-billion budget proposed for 1952, some \$41.5-billion is for military spending. A budget of that size means, according to official estimates, that we shall be far short of funds in 1952. Estimated revenue is \$58-billion. (Secretary Snyder, April 2.) In relation to proposed expenditures, this would entail a deficit of \$13.5-billion. And, as everyone knows, deficit financing involves more inflation.

We could balance the 1952 budget by raising taxes on the basis of present estimates. This would mean, including tax legislation already en-



Cover of the committee's report

acted, an increase in taxes of \$21-billion since Korea. Can the economy sustain such a huge and rapid increase in the tax burden? Will millions of Americans, struggling to support their families in the face of rising inflation, be willing to have their real incomes depleted further by such a vastly increased tax burden?

We are confronted with an unhappy fiscal dilemma. If we resort to deficit financing, the resultant inflation will cause a further deterioration in our standard of living. If we raise taxes to the present expenditure level, we shall have the same deterioration of the living standard

through an increased tax bite on inflation-eaten incomes.

To this dilemma there is, however, a solution. This nation can achieve a pay-as-we-go rearmament program without undergoing either inflation or a crushing burden of additional taxation. The answer is: cut unnecessary nonmilitary expenditures. Along this path there is hope.

Where To Save

We have not considered it the function of this committee to prepare a Federal budget. No nonofficial group is competent to do this. But we do believe that outsiders can set up standards for the budget and show in a broad way how they may be applied.

To pinpoint the areas in the budget where reductions can be made, the committee has rearranged all expenditures, except military and interest on the debt, in four categories: (1) loans; (2) public works, commodity inventories and equipment; (3) aids and special services, both domestic and international; and (4) current operating expenses. These major areas total \$24.8-billion and represent the reducible areas in the budget.

With this orientation, the committee proceeded to recommend, overall, a \$10-billion reduction in non-essential spending for the fiscal year 1952. Such a reduction would involve the following changes:

- (1) Prompt withdrawal of the Federal Government from the lending field.
- (2) A deep cut in the public works program, and a suspension of all projects not contributing directly to some essential defense purpose.
- (3) Drastic curtailment of Federal aids, grants, and subsidy and special service programs.
- (4) Discontinuance of commodity purchases under price-support programs, and liquidation of the accumulated inventories of the Commodity Credit Corporation.
- (5) Liquidation or sale of mortgages and loans held by the Government as far as there is a market for them.
- (6) Elimination of waste and inefficiency in all operations of the Government.

Possible savings in these categories add up to \$8.25-billion. It is obvious that this analysis does not cover all the possibilities of saving. No attempt was made to estimate possible

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100 BOX SECTION

With desired numbering stamped in door or on plates
Standard Construction
Y & T Double nose locks
Polished satin steel doors—as illustrated
Outside dimensions 48" h.—48" w.—24" d.
Weight 2250 lbs.
80 boxes 3 x 5
8 boxes 6 x 6
8 boxes 3 x 12
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Also 50 box sections available. Others built to specifications. TOP QUALITY. SATISFACTION GUARANTEED.

GUARDSMAN SAFE COMPANY

LA PORTE

INDIANA

savings in the \$7-billion for international aid or through elimination of waste and extravagance in the military expenditures. Even the review of civil expenditures was not truly exhaustive. Lumping all these together, the committee comes to the conservative conclusion that a total reduction of at least \$10-billion is possible, while still leaving intact all the government that a free nation requires.

How To Reduce

Showing where \$10-billion can be saved is not enough. The next question is: How can this be made effective in legislation? To this question the committee has a new and, we hope, convincing answer.

The trouble with all proposals to reduce Federal spending is that almost half of the expenditures suggested for 1952 come from prior authorizations by Congress. When the appropriations committees, with all good intentions, approach the problem of necessary reductions, they bump sharply into the fact that \$35-billion of the expenditures proposed for 1952 were authorized by previous Congresses. What can they do? They can either proclaim that previous Congresses made a gross error in authorizing such spending (which they are unlikely to do) or (more likely) they can say: "We have been bequeathed all this spending, and there is nothing we can do about it; so we had better try to cut small slivers from the new spending proposals."

Convinced that prior authorizations constitute a major obstacle, the committee has made a series of radical proposals:

(1) Congress should start its present consideration of appropriations with a clean slate, by suspending for three years the operation of every spending authorization, except those involving direct military need, international aid, and interest on the debt.

(2) On this clean-slate basis, Congress should obtain from the Budget Bureau a new budget totaling \$10-billion less than the present \$71.6-billion.

(3) Congress should then consider the revised budget proposals with the goal of approving a final total \$10-billion below present proposed expenditures.

It is only by thus making a fresh start on expenditures—relating to-

day's spending to today's national emergency needs without regard for previous peacetime commitments—that Congress can cope with the fiscal problem confronting the nation. The base must be shifted from "Where shall we cut?" to "What must we spend?" By this means, says the committee, Congress can balance the budget and avoid imposing a vast tax burden that could well be disastrous.

How To Enact?

These common sense proposals have brought about considerable discussion in the press, virtually all favorable. Several members of Congress, such as Senator Byrd and Representative Reed (New York), have urged that Congress consider the committee's plan.

Of course the difficulties in putting the committee plan into operation are substantial. The committee itself, not being a pressure group, stands on its recommendations and by its nature must leave implementation to others. In addition, the fearful confusion of the fiscal situation in Washington presents another obstacle to acceptance of the plan.

Today's Vocabulary
ACCOUNTS—CUSTOMERS
EFFICIENT—ECONOMICAL

Today's Lesson
"SCHOOL SAVINGS
BUILDS
FOR THE FUTURE"

EDUCATIONAL THRIFT SERVICE
School Savings at its best
22 PARK PLACE, NEW YORK 7, N.Y.

The pulse of Canada

You can feel the pulse of Canada through our Monthly Commercial Letter, which will be sent to you regularly upon request.

With nearly 600 branches strategically located throughout Canada, we can provide authoritative economic information on the products, markets and opportunities of interest to U. S. business men.

These facilities are at the disposal of American banks in behalf of their customers.

The Canadian Bank of Commerce

Head Office—Toronto
New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and nearly 600 Canadian Branches



*"Sure, Charlie, Any Time
We Can Help You,
Call On Us . . ."*



**Fast, Efficient, Service
Plus Friendly Counsel**

Bankers throughout the Nation and the Southeast have learned that the "Friendly Fulton" National Bank of Atlanta not only renders fast and efficient service on all routine correspondent items, but also stands ever ready to render friendly, personal advice and counsel on their specific problems as well as those of their customers operating in this area.

Over 40 years of banking experience is at your disposal. Call on The Fulton National Bank of Atlanta for the extra and unusual in correspondent banking service.



A Complete Line of Money Wrappers
STANDARD PAPER GOODS
MANUFACTURING COMPANY
WORCESTER 8, MASS.

Nevertheless, it is hoped that the first official step to give Congress a clean-slate on appropriations may take place shortly. This could take the form of a special Congressional group officially authorized to study the proposal and make recommendations to Congress by a certain date. It may be impossible to complete such a study in time for Congress to act on it this year. But the proposal has long-range significance and could save as much in taxes next year.

The fact remains, however, that success or failure hinges on the degree of public acceptance of the new proposal and the extent to which that acceptance is reflected to Congress. In the final analysis, the taxpayers themselves have the opportunity to decide whether the "clean slate" approach shall leave an extra \$10-billion in their pockets.

School Savings in Japan

THE "children's banks" of Japan, counterpart of American school savings, have compiled an unusual record during the three years of their existence.

Depositors number 6,400,000, or 42 percent of the students in the country's elementary schools. Deposits total 1,430,000,000 yen, and there are 23,000 banks in service, representing 65 percent of the schools.

These figures are reported to J. R. Dunkerley, secretary of the American Bankers Association's Savings and Mortgage Division, by Kyo Nedzu, who manages the thrift campaign for the Banking Bureau of the Japanese Ministry of Finance. Mr. Nedzu says the results have "far exceeded expectations."

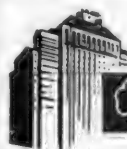
In carrying on the campaign during 1951, the bureau plans to emphasize that the amount saved is less important than the thrift motive. It will also stress, reports Mr. Nedzu, "the principle of earning money by labor."

A "recognition ceremony" was held at the Ministry to honor the youthful savers and their banks. There were addresses by the Minister of Finance, Hayato Ikeda, and by

the governor of the Bank of Japan, Hisato Ichimada. Certificates and prizes were awarded to school groups with the best records.

In a message sent for the occasion Mr. Dunkerley said:

"In the training of boys and girls, we believe that nothing will contribute more to their future happiness than the habit of saving, and the knowledge of handling personal finances. Your success in Japan is an inspiration to those of us who are in charge of school banking activities in this country."



"America's Magnificent Hotel"

The Shamrock

HOUSTON

FOR A Wonderful VACATION

The Shamrock's Vacation Plan will be in effect again this summer . . . July 1 through September 3 . . . affording you seven or more delightful, pleasure-filled days as guests of America's Magnificent Hotel . . . at most reasonable, all-inclusive "package" rates.

The Shamrock's Vacation Plan includes breakfast in bed every morning . . . dinner each evening, with three exciting "nights out" in the glamorous Shamrock Supper Clubs, home of The Cavalcade of Stars . . . The Shamrock Pool often as you like . . . and, of course, your extra large room with finger-tip air-conditioning control.

**WRITE NOW FOR FULL DETAILS OF
THE SHAMROCK'S VACATION PLAN**

Bankers visiting Houston find The Shamrock convenient to every corner of the city's widespread banking, commercial and industrial centers . . . located in uptown Houston, away from the city's heavy business traffic. Plan your next Houston visit at The Shamrock.

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Teletype: HO-192

New York Office: JU 5-5500

GLENN McCARTHY, President

M. JACK FERRELL, Executive Manager

An Up-to-the-Minute Country Bank Program

(CONTINUED FROM PAGE 66)

(2) Active participation by banks in livestock financing to encourage increased livestock production in their trade areas.

(3) Support of the grasslands program being developed jointly by the Land Grant College Association and the U. S. Department of Agriculture through cooperation with the agricultural experiment stations and Extension Service.

(4) Support the educational programs offered by various livestock associations designed to improve the livestock industry.

(5) Strive to influence farmers to improve their breeding stock through replacement of poor livestock with better livestock by support of legislation that recognizes the capital status of breeding livestock.

The chairman of the Livestock Committee, J. H. Bloedorn, president, Farmers State Bank, Fort Morgan, Colorado, took the lead in formulating this platform.

Farm Departments for City Banks

Steps will be taken by the Outside Farm Programs Committee to persuade more city banks to participate in the Commission's agricultural program by appointing agricultural representatives to keep in touch with and assist their country bank correspondents or by creating separate farm departments for this purpose. The Committee will also endeavor to interest the Federal Reserve banks to endorse, encourage, and cooperate in promoting expanded outside farm program activities by nonmember as well as member banks.

The Outside Farm Programs Committee, which is headed by V. S. Maret, president of the Gonzales (Texas) State Bank, would like to see more state bankers associations set up agricultural departments within the associations.

The most recent draft of an interesting and informative manual, *Agricultural Production Financing*, was reviewed at the meeting. Although this manual will not be completed for several months, it already represents extensive research by the Agricultural Lending Procedures Committee, headed by William J. Kinnamon, executive vice-president and trust officer, Hunterdon County National Bank, Flemington, N. J.

Seventeen members and 11 guests attended the Commission's Des Moines meeting. (END)

"You Made a Wise Decision"



in Selecting ST. LOUIS TERMINAL Field Warehousing Because:

1. Fidelity bond and warehouseman's liability policy are both carried in one of America's largest companies. Protection to \$250,000.00 is automatic for each location. Where exposure exceeds automatic coverage it is increased to full value of inventory.
2. 26 years of experience in the warehousing business assures competent handling by experienced personnel.
3. Careful control of records and close supervision of all details assures that stock records and inventories are always accurate and up to date.



For additional evidence of
St. Louis Terminal's ability to serve you

Write or wire the nearest office

ST. LOUIS TERMINAL WAREHOUSE CO.

More Than a Quarter Century of Warehousing Service

Executive Offices: ST. LOUIS 2, MO., 826 Clark Ave.

CHICAGO 3, ILL.
First National Bank Bldg.

KANSAS CITY 6, MO.
Waldheim Bldg.

CINCINNATI 2, OHIO
Carew Tower

MEMPHIS 3, TENN.
Sterick Bldg.

HOUSTON 2, TEXAS
West Bldg.
LUBBOCK, TEXAS
Lubbock National Bank Bldg.
DALLAS 1, TEXAS
Construction Bldg.

Methods and Ideas

(CONTINUED FROM PAGE 45)

autographed photo of a Cleveland player. Another picture is given to the saver with each weekly payment.

Newsworthy Bank Employee Booklet

HARRIS TRUST AND SAVINGS BANK of Chicago recently issued a booklet for new employees which the *Sunday Tribune* made the subject of a sizable story.

In the newspaper's words, it's "an artfully packaged collection of advice, directions, history and banking philosophy." The title is "Our Mutual Interests"; and the booklet was a cooperative project—all departments of the bank took part in its preparation.

The book is printed on dull finish cream paper with brown lettering, and the illustrations, done in a new scratchboard process, are in soft brown and green. The text is completely informal.

In an introductory letter President Mark A. Brown reminds the newcomer that although he may be only a substitute waterboy at the start, "we are looking constantly for replacements on the first team." After an informal bit about the bank's history, the booklet tells the new employee where everything in the bank can be found. It explains

such matters of interest as pay periods, vacations, employee benefits.

Know Your Savings Deposits

A BREAKDOWN of savings depositors by age groups is an important component of account analysis—one that is especially serviceable when considered with a breakdown by size of accounts. These factors enable a bank to maintain, over the years, a continuous picture of the deposit structure; it can see at a glance, for example, whether it is putting enough effort toward building the deposits of younger people as an offset to expectable withdrawals by account owners in the higher age brackets.

The SCHENECTADY (New York) SAVINGS BANK keeps a running record of its new depositors by age groups, and publishes a five-year comparative table in its annual reports. Here is the latest one, from the 1950 pamphlet summary by President Kilgore Macfarlane, Jr.:

By Age of Depositors					
	1950	1949	1948	1947	1946
Figures expressed in percentages					
1-9	1.0	1.3	1.7	1.9	1.1
10-20	11.1	12.2	14.7	18.5	14.9
21-35	36.8	37.3	43.8	45.9	46.0
36-50	23.0	22.7	24.4	22.9	19.7
51-60	10.6	9.3	9.1	8.0	9.1
Over 60	11.6	10.6	6.3	2.8	8.3
Age Unknown	5.9	6.1	—	—	.9
	100	100	100	100	100

President Macfarlane's frank comment on these figures is interesting:

Security-First National Bank of Los Angeles reports that it opened more than 10,000 accounts in the first fortnight its Hopalong Cassidy Savings Club and Savings Rodeo were in operation. The picture shows a few youngsters at the financial hitching post in the bank's Hawley branch, whose manager, Carl Jacobson, brought the props from his own ranch



Bank of America is distributing \$31,000 in cash and 5,000 cups and certificates to California high school seniors this year in its Achievement Award program, now statewide. The purpose is to encourage young people to greater achievement in their studies, vocational training and citizenship. In the picture the bank's board chairman, A. J. Gock, Senior Diane Boyce of Beverly Hills, and C. C. Trillingham, superintendent of the Los Angeles County schools, are standing at a giant reproduction of the Award certificate

"The trend of new accounts from individuals under 20 years of age continued unfavorable," he points out.

He notes that 60 percent of the new depositors "once again" came from people 21-50 years old. Because of an increase in the bank's dividend rate to 2 percent "the groups over 50 years accounted for 22.2 percent as against 19.9 percent the previous year," indicating that persons "planning to retire or who are now on a pension are more interest conscious."

Mr. Macfarlane also notes a continuing rise in the percentage of women opening accounts. In 1950 the proportion of females was 58.1 percent compared with 57.7 in 1949, 57.1 in 1948, 56.3 in 1947, and 53.8 in 1946.

Present depositors and former depositors continue to account for a large percentage of the new accounts, he says.

\$64 Questions

THIS may be a good time and place to recall some questions suggested in the leaflet, *Analyze Your Savings Accounts*, published by the A.B.A. Savings and Mortgage Divi-

sion. Here are a few of the queries:

Are your savings accounts of the type which assures sound and profitable growth?

Are the newer crop of savers, particularly the younger people, bringing their deposits to your institution?

Do your accounts, both new and old, show growth? Or are they "in-and-outers?"

Is too great a proportion of your savings deposits owned by persons over 60 years of age, as compared with that held by persons of middle age or younger?

Is the ratio of activity greater in your smaller accounts than in the larger ones? In the newer accounts, than in the older ones?

What is the volume of check cashing in the savings department?

What proportion of your accounts is owned by women? By men? By married people?

Should you consider paying a higher interest rate or bonus to the stable accounts and consistent savers? What might such a plan cost and how might it affect your deposit structure?

What is your interest cost for accounts in various classifications, broken down as to size, activity, age of account, etc.?

Approximately what results could be obtained by changing your method of computing interest?

Is your investment program for savings deposits geared to their actual make-up, considering particularly their relative stability and the age and occupation groups by which they are held?

Is your advertising program directed at the proper age, occupation, and geographical groups?

Does any particularly vulnerable concentration of deposits exist?

Considering the mortality rate among your new accounts (generally high), does the average short-lived account cover its maintenance cost?

Are some of your accounts so active as to be, in fact, "checking accounts?" How many of these accounts are operated at a loss, and in which classifications are they found?

What results could be obtained by imposing various types of charges on certain accounts or kinds of activity? What effect might such charges have on your deposit structure?

What is the point at which the

bank can afford to pay interest if an account has no withdrawal activity? If account has normal withdrawal activity?

The Hat Jane Didn't Need

STATE PLANTERS BANK AND TRUST COMPANY of Richmond published a series of eight newspaper ads that told the inflation story in popular style, gave folks good advice on buying wisely, and suggested that they save as much as possible.

One advertisement, for example, concerned "Jane Doe's Sixteenth

Chapeau." It was quite a creation, of course; and although 15 hats were already in Jane's wardrobe, she couldn't resist making this one No. 16.

In buying it, said the copy, "she pushed inflation just a little farther along."

"You can help beat inflation," it continued, "by buying wisely . . . by buying only what is worth while . . . and by saving as much as possible. When you save your money, you're not cutting off your purchasing power—or any part of it. You're



INVESTORS STOCK FUND

Prospectus on request from Principal Underwriter

INVESTORS DIVERSIFIED SERVICES

ESTABLISHED 1894 AS INVESTORS SYNDICATE

MINNEAPOLIS, MINNESOTA

Complete facilities for Correspondents

assure you of prompt, efficient handling of every type of banking transaction. Our extensive services are at the disposal of all banks.

CITY NATIONAL BANK AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



stage settings for a business drama



BOSTON'S A HUB OF BUSINESS ACTIVITY — has been for many a year. As in other large cities, Boston's banks are constantly alert in all community development and use correspondent bank contacts to give intelligent and helpful advice to their own customers and those of their correspondent banks. Here, in the friendly atmosphere of The National Shawmut Bank, (facing the camera) are Vice-Presidents Ray A. Ilg and Rohl C. Wiggin discussing business opportunities in New England with a mid-west manufacturer who came with a letter of introduction from his home town banker . . . one of the many Shawmut correspondent banks all over the world.



ASSISTANT CASHIER, FRED NAGEL of National Shawmut could be termed a man about town, on the go most of the time, servicing Shawmut's accounts, large and small. To some people the account of Dr. Salvatore Taschetta might seem small—but not to Shawmut. Here's Fred receiving a short course in dentistry while at the same time admiring the new equipment and remodeling job financed by National Shawmut.

INSIDE, OUTSIDE, ALL AROUND THE TOWN you'll find that roving ambassador of good will, your good friend, the banker, lending assistance, offering wise counsel, shaping the destiny of his community—and through his far flung, correspondent facilities—aiding the development of other communities. Make no mistake, the banker is a very influential force anywhere. To inform him of *your* services is to help him, yourself, and others. And it's best done through his own medium, **BANKING** magazine, the journal of The American Bankers Association, 12 East 36th Street, New York 16, New York.



Your Good Friend, the Banker

To interpret the importance of the banking business to **BANKING's** advertisers, the above is one in a series of ads appearing in current issues of Industrial Marketing, Sales Management, Tide, Advertising Agency and Printers' Ink.

building a backlog of purchasing power—money you can spend later for something really worth while."

Eyecatchers for Home Furnishers

THE BANK FOR SAVINGS, New York City, whose home displays have long attracted Manhattanites, recently caught thousands of eyes with an exhibit of five rooms of miniature furniture displayed by the bank's Home Furnishings Club.

Visitors found five shadow boxes, spotlighted against a wall, each representing a room fitted with furniture one-sixth the actual size of new pieces currently available in the markets. Sliding shelves, drawers and doors worked as smoothly as the big originals; in all respects the display conveyed an excellent idea of the actual furniture and its placement in a home.

Editorially Styled Savings Ads

CROCKER FIRST NATIONAL BANK of San Francisco is campaigning for savings with an ad series that uses the news style technique to emphasize the advantages of thrift.

In each an individual or a family spokesman (pictured but not identified) tells how and why he or she became a regular saver, and the benefits that accrued from systematic financial planning. Bank-by-mail service is emphasized in the text, and to each ad is appended a coupon applying for a "Mailway" account.

The series is running once a week for 12 weeks in San Francisco Bay Area papers.

Catalog of Personal Trust Services

IRVING TRUST COMPANY of New York, celebrating its 100th anniversary this year, has issued a booklet, "Trust, Custody and Investment Services," which provides easy-to-read, nontechnical information aimed at taking some of the mystery out of the trust business.

Written by the personal trust division, the booklet tells what goes on in a trust department; how it functions as custodian of securities, as investment advisor, as executor and trustee. There's a schedule of charges, too.

Estate planning, employees' trusts, the place of taxes in planning, and relations with members of the bar

(CONTINUED ON PAGE 144)



RHYTHM-ADD INCREASED BANK OPERATORS' SPEEDS BY 41%!

New Monroe Technique Steps Up Figure Production

Average operators add almost half again as fast by using Rhythm-add, a new keyboard technique developed and perfected by Monroe after years of research.

Tested recently in one of the nation's largest banks, Rhythm-add stepped up adding speeds of operators on an average of 41%! Best of all, this new and unique method is so simple, any operator, experienced or beginner, can master it after only 4 to 10 hours instruction. Once learned and used on the famous Monroe "Velvet Touch" keyboard for which it is designed, Rhythm-add enables any operator to achieve peak efficiency and production in record time.

Cut costs, step up figure production in *your* bank. Ask your local Monroe man to tell you about Rhythm-add. Or drop a line to Monroe Calculating Machine Company, Inc., Orange, N. J.



Monroe
Adding Machine
Grand Total Model

- ☆ Glareless,
Cushion-topped Keys
- ☆ Direct Subtraction
- ☆ "Velvet Touch"
Ease of Operation
- ☆ Automatic
Credit Balance
- ☆ Versatility
and other outstanding
Monroe features, plus topflight
service by specially
trained representatives

MONROE

MACHINES FOR BUSINESS

Rhythm-add Trade-mark
Monroe Calculating Machine Company, Inc.

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.

(CONTINUED FROM PAGE 142)

are also discussed in this popular-style textbook on trust matters.

In Brief

The FRANKLIN NATIONAL BANK of Franklin Square, New York, opens its 1950 annual report with a "Dear Neighbor" letter from President Arthur T. Roth, discussing some of the day's national and international problems as they affect the localities served by the bank. There follows a "community report" which reviews the bank's year, and presents the

operating results as a "community accounting." The report also contains the bank's goals for 1951 in assets, income, and expenses.

THE NEW ROCHELLE (New York) TRUST COMPANY sponsored a free movie (a western) for children during a recent school vacation. The bank bought the 2,500 seats in a local theatre for a one-day showing of the film. Boys and girls up to 12 years of age were invited to call at the trust company for their tickets. The event was promoted with statement stuffers and posters.

The NEW BEDFORD (Massachusetts) FIVE CENTS SAVINGS BANK attracted wide interest with a "Know Your Money" display made with the cooperation of the vocational high school.

A series of newspaper advertisements of the UNITED STATES NATIONAL BANK, Omaha, won first place in the Midwest Newspaper Advertising Executives Association. The bank's series, voted "the most usable advertising idea" from among 300 campaigns submitted by 32 newspapers in seven states, featured large human interest pictures and editorial style copy to describe the bank's services.

A letter bearing the signatures of all the staff members invited customers and friends of THE EXCHANGE NATIONAL BANK of Olean, New York, to the "open house" that marked completion of an extensive modernization job.

The FIRST NATIONAL BANK OF SHREVEPORT, Louisiana, published a half page ad in the *Shreveport Journal*, paying tribute to the second grade of Werner Park School for its 100 percent rating in school savings. The ad listed the pupils' names and offered congratulations.

The THOMASTON (Connecticut) SAVINGS BANK exhibited high school shop work in its lobby, and asked customers to indicate the entries they thought were outstanding. Savings accounts went to the pupils whose work got the most votes.

The BOATMEN'S NATIONAL BANK of St. Louis had an eight-window display of historical mementos.

"Edna's just making a withdrawal. She banks by mail, you know"



....."FREE" Business.....

Consumer Credit Business, secured *without loan acquisition costs*, such as Renewals, Repeats and through Recommendations, is wholly dependent upon good customer relations.

Because of this fact our great Banking and Financing Companies have found that it pays in *customers good will*, as well as dollars, to use Allison's Coupon Books on Time Payment Accounts. Here's why:

- The speed they provide in serving customers.
- Convenience for customers when forwarding mail payments.
- Their effectiveness in advertising to customers.

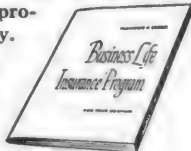
If you are seeking a means of reducing your *costs of loan acquisition* through the medium of "Free" Business, don't overlook learning how this proven method will help *concentrate your customer's business* in your bank. Write today for full information and an assortment of samples. No cost. No obligation.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA

Protecting YOUR BUSINESS with Life Insurance

Many successful businesses have been confronted with serious problems because of the death of one or more partners, owners or other executives. Well planned life insurance protection can help you to solve this contingency.

Write on your business letterhead for a copy of our brochure "Planning a Sound Business Life Insurance Program For Your Company."



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INCORPORATED

INSURANCE BROKERS • CONSULTING ACTUARIES

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London

World Business

(CONTINUED FROM PAGE 51)

of policy more than a program, which leads Congressman J. Vaughan Gary (D., Virginia) to observe that that is one reason it is so hard to secure a substantial appropriation for it. . . Chile has forced the U.S. to end the educational phase of the Point IV agreement signed in January. They like American engineers down there, but not American "culture." . . Mass meetings of students were shouting, "Down with the U.S."

Dr. Henry G. Bennett, Point IV Administrator, is back from South America. He says he is convinced food yields there can be raised, which will raise the living standards of the present population; and that typhoid and dysentery can be wiped out,—which presumably raises the food problem again. . . From missionaries in Nigeria Dr. Bennett has received an invitation to "come over into Ogbomosho and help us." Point IV presents endless possibilities.

ROCKEFELLER REPORT

Prior to launching a new foreign aid program it is customary to set up a committee to prepare a recommendation. This year we have had two such reports on the same subject from two different committees, headed by Gordon Gray and Nelson Rockefeller, respectively. The Rockefeller report recommends the spending of several billions annually in a vast expansion of Point IV to root out hunger, poverty, illiteracy and disease; creation of an "international development authority" and, as an affiliate of the World Bank, an "international finance corporation" to lend to private enterprise. "No miracles should be promised—none can be expected," the report cautions.

In Geneva non-American technical experts complain that the U.S. is giving Point IV aid too cheaply. One expert is thus quoted: "When we go into some countries with a program and lay down certain things that must be done locally before we will go ahead, we often find that we are 'outbid' by the Americans who are willing to give money and aid without laying down any conditions." Others point out that higher living standards do not dispel social unrest, but may actually stimulate it in underdeveloped countries; assum-

ing, that is, that food wins the race with population.

INTERNATIONAL MATERIALS CONFERENCE

The enlarged, permanent group of the International Materials Conference now consists of the three originating countries—France, the UK and U.S.—plus Australia, Brazil, Canada, India, Italy, the Organization of American States and the OEEC. The new body's chief function is to formulate and coordinate international policies relating to the

production, allocation, conservation, distribution and utilization of certain strategic raw materials. The conference has set up a number of commodity committees with complete autonomy in conducting their work. Among these are committees on wool; cotton-cotton linters; manganese, nickel and cobalt; sulphur; copper, zinc and lead.

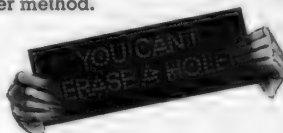
WHEAT

The Canadians are reported angrier than in years over the outcome of the four-year wheat agree-

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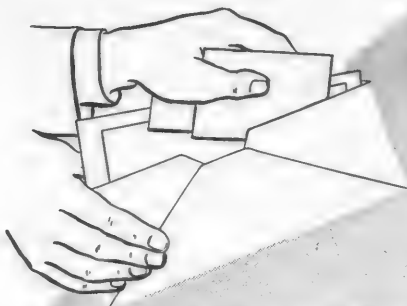
Simply clip to your letterhead and mail.

- ☐ Literature on check cancelers.
☐ Literature on check endorsers.

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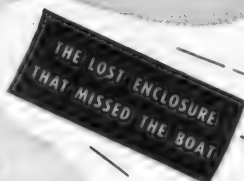
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ment with Britain. When the pact was made, the price outlook was uncertain. Now growers are complaining that through this state deal they have lost millions. . . The Eximbank has lent Spain \$5-million for wheat, after maintaining for years that it would not lend for such a nonproductive purpose. Inside Spain the loan has boomeranged, arousing Franco's opponents against such U.S. intervention in domestic politics. . . Failure of Congress promptly to provide a large gift of wheat to India, which is suffering from another of its periodic famines, is the cause of much anti-American feeling in that country. In contrast, Russia has kindly consented to barter 500,000 tons of wheat for Indian rubber, jute and tea, of which unfortunately there is a shortage in that republic.

MIDDLE EAST

Assassination and popular unrest in Iran led the Persian Majlis to vote for nationalization of the country's oil industry, the cynosure of Moscow, London, and Washington eyes. The London *Spectator* comments: "It would be understandably galling for such an enterprise as the Anglo-Iranian Oil Company, which has been built up by British money and British initiative, to surrender itself to any degree of outside control which would risk impairing the efficiency of the whole complex structure."

In Iraq Premier Nuri S-Said also threatens to nationalize that country's foreign-controlled oil industry unless the demands for higher royalties are met. A press report describes Iraq as demanding royalties "at the free world market exchange rate for gold."

A new Foreign Policy Association report from New York declares that adoption of democratic governmental forms by Iran has delayed that country's social progress, the parliament being "dominated by an irresponsible group of profiteering reactionaries."

IMF is canvassing neutrals for a successor to outgoing managing director Gutt. Reported in the running is Ivar Rooth, former governor of Sweden's Riksbank. Another Swede, Per Jacobsson, who is economist of the Bank for International Settlements at Basel, is said to be a candidate for the \$30,000 tax-paid job. . . Pakistan has established a par value for its rupee. . . Tin trade is now an

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3½ SECONDS



THE OLD WAY
7 SECONDS



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Actual stop watch checks show the sealing speed... 3½ seconds against 7 seconds... with the new STYX-DRY Bill Strap. Seals by pressure, no moistening, no mess. Retains adhesiveness for years. In Colors for different denominations. Made of choice brown Kraft.

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RFC monopoly, following Congressional criticism of reckless stockpiling and extortionate foreign prices. . . *Army surplus* goods of World War II is revealed to have provided many traders with bonanzas. Goods turned over to our defeated enemies in Europe has been bought by private American and British interests and re-sold here at huge gains. Some has been re-exported privately to Europe. . . *Anglo-Egyptian* sterling problem, a wartime hangover, appears settled. Of the blocked sterling London releases, part will be convertible into dollars at once. . . *Europe's* ire over goods shortages is being directed at U.S. stockpiling, which the average European doesn't understand.

Canada is receiving European flight capital, not only from Europe itself and particularly Switzerland—but from the U.S. . . *Australia* is having the biggest boom in its history, thanks to high wool prices and inflowing foreign capital. With it has come inflation. . . *Germany's* three western occupation powers have signed an agreement concerning industrial controls. Germany is to become an arsenal of democracy. . . *France* appropriated 4,330,000 francs to broadcast and televise President Auriol's American trip. . . *Wilbert Ward*, ex-v.p. of The National City Bank of New York, now directs OPS' Services, Exports and Imports Division. (END)

said he hated the job, but regarded it as a necessity under the present international conditions.

Mr. Howe has brought back most of his World War II aides, capable administrators and well experienced in the work they have now undertaken, for they were in it during the last war. They can, therefore, be expected to use the powers granted them with ability and discretion. These powers are very wide, extending even to the point where any industry can be compelled to undertake armament orders and to the requisitioning of all essential materials.

This Canadian Defense Production Department will be represented in Washington by a quite large staff, headed by a former Montreal industrialist, which will cooperate with American defense agencies. The Department's Washington Office will have a good deal to do with Canada's purchases of American military equipment, estimated at \$300-million this year, and with directing an increasing supply of Canadian products to the United States.

The joint Canadian-American defense organization will find Canada in a strong and still progressive position to contribute materials to the democracies cause. Total industrial production in the first part of the current year was 5/6 percent above that of the like period of 1950, advances being recorded in all fields except textiles, in which a fractional

North of the Border

THE Canadian Government's budget, presented to Parliament on April 10, showed a surplus of over \$200-million for the fiscal year ended March 31. This surplus was applied in reduction of the national debt, bringing it down to less than \$11.5-billion, about \$2-billion less than that at the end of the last war. Continuing the policy of balanced budgets, the Government estimates surplus in the current fiscal year of about \$30-million, notwithstanding total expenditures of nearly \$3.75-billion, of which nearly half will be for defense purposes requiring heavy increases in certain Dominion taxes.

A defense surcharge of 20 percent is to be applied to personal incomes, effective July 1. Corporation taxes on profits over \$10,000 per year will be boosted from 38 percent to about 45½ percent, while the levies on profits under \$10,000 remain at 15 percent. In no case, however, are profit taxes to reduce profits below 5 percent. The general sales tax, collected on about one-third of civilian goods, will be raised from 8 to 10 percent. Excise taxes on motor vehicles, radios, jewelry and other so-called luxuries are to be increased from 15 percent to 25 percent, while a new 15 percent tax is imposed on household appliances such as refrigerators and washing machines. The Government rejected the idea of excess profits taxes, as well as price and wage controls, at least for the time being.

Defense Production

Canada now has in operation a Defense Production Department to provide armament for herself and her allies to the value of \$5-billion in the next three years. This Department is headed by the American-born and American-trained engineer, C. B. Howe, who was Canada's Minister of Munition and Supplies in the last war. He is well and favorably known in Washington, as well as in major American industrial circles. In announcing his new Defense Production Department, he

"Please, Madam, believe me—the bank's auditing department has nothing whatever to do with auditioning for the bank's television show"



decline took place, and in chemicals, production of which was unchanged from a year ago. While Canadian industry has been drawing on larger inventories built up in 1950, it has also had a greater current supply of domestic and American materials.

Some fairly close estimates of the Canadian supply of various items in 1951 can now be made, subject, of course, to unforeseen difficulties such as labor trouble and bad weather. Logging operations in Central and Eastern Canada have been badly handicapped by variable climatic conditions, but in some major districts as well as in the Western Provinces strenuous efforts are being made to get out the largest possible cut and the total national lumber output may exceed that of last year, 5¾ billion feet, board measure. Cement production is scheduled to rise by at least 5 percent this year.

The supply of aluminum is expected to increase by 100,000 tons as a result of the reopening of pit lines set up during World War II, part of the Canadian capacity which provided 40 percent of all the Allies' aluminum requirements. If sufficient iron ore can be made available to steel mills—and the greater quantity of iron is still at hand from Canadian as well as American sources—the domestic supply of steel can be increased by 10 percent. Slightly larger supplies of nickel, copper, lead and zinc are in prospect, for the time being, mainly as a result of the opening of base metal properties in British Columbia and Quebec and expansive milling operations in the first-mentioned province. British Columbia has the distinction of being the first area in North America to get back into the production of tungsten and is building a mill to treat the largest quantity of this strategic mineral in the Western Hemisphere.

These prospective larger supplies represent, however, only the short-range potentialities. From a long-range point of view, steel production will increase by 25 percent in the next two years; nickel reach a record level as a result of new technical methods in the Sudbury area and of the opening of the Manitoba deposits.

Capital Investment Plans

These are some of the objectives in Canada's new capital investment program for this year, reported by



"Johnson offers himself for an extended hunt through the Rockies for a suitable cave in which to hide our records during any emergency"

the Dominion Department of Trade and Commerce. Private and public new investment plans total over \$4.25-billion, about 14 percent higher than those of 1950. After allowance for higher prices, the increase in real physical assets would be 6 percent. The manufacturing industries, which have been slowing down their expansion after a peak reached in 1948, are back on the boom side. The most notable gains are expected in the iron and steel industries which plan to spend more than \$125-million on new buildings and equipment, over twice as much as they laid out last year. The official reports on these projects point out that there is a big "if" about the availability of materials to do all that private enterprise plans. Some projects will probably fall short of realization. Others, directly connected with defense production, will get preference on available materials and may be stepped up.

The supply of materials will depend partly on the availability of American building products, particularly steel, hardwoods and hardware, and, in respect to industry, on American machinery, much of which will be required to meet the expansive factory and mill program. In the first quarter of this year, however, Canada was able to obtain more materials and goods of most

kinds than in the same period of 1950. Her total imports from the United States exceeded \$550-million, about half as much again as in the first quarter of last year. Export of Canadian products to the United States also increased substantially, though not at such a high rate as imports, and aggregated not much over \$500-million.

Canada's deficit on this exceptionally large trade between the two countries accounts partly for her decline in her holdings of gold and American dollars, which were nearly \$100-million less on March 31 than on December 31, though about \$460-million above March 31, 1950. Some of this decline seems also to have been due to American investors' sales of Canadian securities, a return of part of the heavy flow of the United States funds into Canada last year in anticipation of the subsequent revaluation of the Canadian dollar. It is improbable that the supply of American civilian goods, building materials and machinery will be as plentiful as in the last few months.

Other restraining effects on the Canadian expansion program are building and credit restrictions similar to those in the United States as well as a stringent Ottawa-inspired move to prevent much, if any, further increase in bank loans, which rose by about \$500-million in the past year, more than three times the increase in 1949.

A great many popular tunes not only get on the radio but also on your nerves.

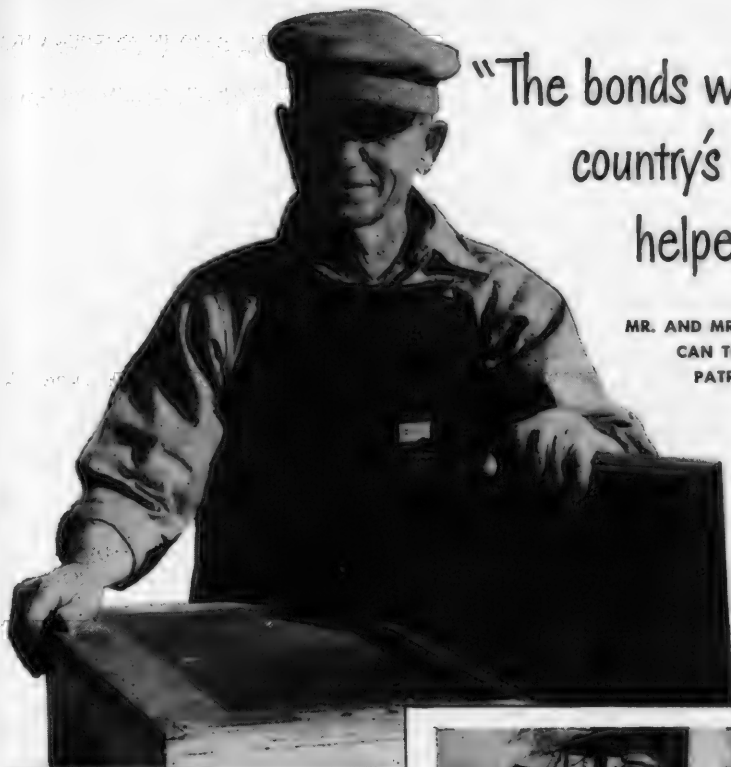
Sometime we want an economist to explain to us the meaning of cheap money.

If you drive too fast, you wreck the front of your car; and if you drive too slowly someone else wrecks the back.

A vacation is one-half anticipation and the other half making mistakes picking tourist homes.

What is the first thing that strikes a foreigner in the United States? Probably a taxicab.

A baby smiles, cries, and puts his foot in his mouth. So does an adult.



"The bonds we bought for our country's defense bought and helped equip our farm!"

MR. AND MRS. CHARLEY L. WHATLEY OF CUTHBERT, GA.
CAN TELL YOU—IT'S PRACTICAL AS WELL AS
PATRIOTIC TO BUY BONDS FOR DEFENSE

Mr. Whatley inspects a beehive on his 202-acre farm. "I wouldn't own a farm, clear, today," he says, "if it weren't for U. S. Savings Bonds. We bought a new truck, refrigerator and electric range, too. I've discovered that bonds are the best way of saving for a working man."



Mr. Whatley says, "My wife and I bought our first bonds in 1943, through the Payroll Savings Plan at the Martha Mills plant of the B. F. Goodrich Co. in Thomaston. Our pay averaged \$40 a week apiece and we put about a quarter of that amount into U. S. Savings Bonds."



"We'd saved \$6,925 by 1950. \$4,000 bought us our 202-acre farm and a 6-room house. Then we bought a new truck, a refrigerator and electric range. Now Mrs. Whatley has time for tending her flowers while I can enjoy my hobby of bee-keeping. We owe it all to planned saving."



"We're still holding bonds, too. We don't believe that anyone should cash his bonds unless he has to, so we're holding about \$1,800 worth. With that cash reserve, and our farm clear, we can grow old with comfort and peace of mind. Everybody should buy U. S. Savings Bonds!"

The Whatleys' story can be your story, too!

You can make your dream come true, too—just as the Whatleys did. It's easy! Just start *now* with these three simple steps:

1. Make one big decision—to put saving first, before you even draw your pay.
2. Decide to save a regular amount systematically, week after week or month after month. Even small sums saved on a systematic basis, become a large sum in an amazingly short time!
3. Start saving automatically by signing

up *today* in the Payroll Savings Plan where you work or the Bond-A-Month Plan where you bank. You may save as little as \$1.25 a week or as much as \$375 a month. If you can set aside just \$7.50 weekly, in 10 years you'll have bonds and interest worth \$4,329.02 cash!

You'll be providing security not only for yourself and your family but for the free way of life that's so important to us all. And in far less time than you think, you'll have turned your dreams into reality, just as the Whatleys did.



U. S. SAVINGS BONDS ARE DEFENSE BONDS
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"Dodge Plan"

(CONTINUED FROM PAGE 43)

omy or plunged it into depression? To read the speeches of occupation officials was to believe the former while to read the Japanese press led one to worry about the latter.

Mr. Dodge's proponents felt that he had cleaned the fiscal stable, brought financial and economic stability to Japan, gotten the Japanese economy down off its stilts of subsidies, freed enterprise from the shackles of excessive government controls, started business rationalization which, by cutting costs and thus lowering prices of Japanese goods, will allow Japan to compete more effectively in world markets and by consequent export expansion enable Japan to get off the U. S. dole, pay her own way and ease the burden on the American taxpayer. His critics, on the other hand, prior to the outbreak of the Korean war, contended that the inflation had been subsiding before he arrived; that by sudden, sharp credit contraction, debt retirement, lower government expenditure, and elimination of subsidies, he had halted business recovery and brought about a leveling off of industrial output and national income prematurely, on too low a plateau to support the Japanese people, thus causing unemployment and business failures.

What is the true story? By jamming on the fiscal brakes hard, the inflation was stopped. The propensity of businessmen to convert money into goods and to hoard the latter had in the year prior to the Korean invasion given way to a scramble to convert goods into cash. As the reversal took place buyers became wary and held back for lower prices. As a result, goods piled up and had ultimately to be sacrificed at a loss, and prices fell. Between March 1949 and March 1950 free market prices of consumer goods dropped 17 percent. As stabilization took hold, SCAP decontrolled commodity after commodity and, with decontrol, prices fell promptly. The black market finally vanished. The gap between black market and official prices for consumer goods fell from 5.9 times in March 1949 to 1.2 times in March 1950. Money wages held up and as a result real wages increased, though they are still substantially below prewar levels. Labor productivity increased, however, and as a result industrial costs began to decline. The less efficient firms were weeded out and export prices became much more competitive.

Both private capital market activity and commercial bank lending expanded markedly to replace, in good measure, the sharply restricted government credit flow. New capital issues floated increased from 42-billion yen in 1948 to 98-billion yen

in 1949, while commercial bank loans to industry rose from 68-billion yen in 1948 to 162-billion yen in 1949. Contrariwise, government contributions to the money supply, which added 166-billion yen to circulation in 1948, withdrew 75-billion yen in 1949 through debt retirement. Whereas the 1948 budget resulted in a deficit of 62-billion yen, the 1950 budget shows a surplus of 193-billion yen and the 1951 budget promises a surplus of 139-billion yen. Bank of Japan note issue, which rose tenfold from 35-billion yen on the day of surrender to a peak of 355-billion yen in December 1948, had been held to that level over the next two years. Furthermore, Japan's short-term dollar assets have risen from about \$90,000,000 at the beginning of 1949 to approximately \$450,000,000 at the end of 1950.

Immediate Effects

Obviously Mr. Dodge had been successful in his short-run objective. A soaring inflation could not, however, be stopped abruptly without some readjustments and some painful consequences. The stock market collapsed from a share price index high of 700.3 in May 1949 (August 1946 equals 100) to a low of 307 in March 1950. Unemployment rose. The mortality rate of small business grew. A credit drought developed for small business and led to demands in Japan, very similar to those in the U. S., that the government do something to provide long-term credit for small business.

This condition did not persist for very long, however. As Mr. Dodge himself has pointed out, while the initial action was the drastic one necessary to pull runaway horses down to a pace where they could be controlled, exactly the same procedure was not applied subsequently, even though everyone expected it to be. The supplementary budget in late 1949 was liberalized as well as the subsequent budgets of 1950 and 1951, and the tax reductions have been substantial. Most of the complaints about debt retirement were directed at "provisions" for debt retirement, a large part of which actually were not used for that purpose. The reserves have been held in the counterpart fund to see whether the stabilization would be effective and continue. About one-half of the debt retirement reserve in the 1950 budget, for example, was

With Mr. Dodge in this photograph is Dr. Ralph W. E. Reid, Chief of the Far Eastern Affairs Branch of the Assistant Secretary of the Department of the Army. Dr. Reid has accompanied Mr. Dodge on his three missions to Japan



spent to meet the unbudgeted increased costs of expanding the national police.

Furthermore, the effect of government debt retirement and other fiscal measures was offset to a considerable degree by expansion of bank credit. The inflationary effect of Bank of Japan operations partially offset the deflationary effect of government fund operations in the 1949/50 fiscal year and more than offset the latter in the 1950/51 fiscal year. As a result of such factors, the goal of the Dodge program—the containment of inflation—was

achieved with a minimum of dislocation.

The outbreak of the Korean war, however, with the resultant heavy increase of U. S. military procurement of goods and services in Japan, and with its accompanying stimulus to speculative hoarding, once more set inflationary forces in motion in Japan, and Mr. Dodge's third visit was largely concerned with means of holding the line. (At the beginning of 1951, money supply in Japan—both currency and deposits—was again rising and had reached a new postwar high.) Wise exercise of

flexible fiscal policy through more stringent use of the budget, the counterpart fund, and debt retirement, as well as a diminution of outright U. S. aid as military procurement increases, should soon have the situation once again under control. With a balanced budget, lower taxes, rising production, and a sharply reduced public debt, Japan is probably better able to face the current inflationary world situation than any other country in the Far East.

Credit for this achievement belongs to Mr. Dodge. (END)

WITH public attention focused by the crime hearings on the tax returns of gamblers and racketeers, increased bank cooperation in reporting unusual currency transactions is to be sought by the Treasury Department. Reports voluntarily made by a large number of financial institutions during the past six years have been very helpful to the Bureau of Internal Revenue in enforcing the tax laws. But a recent survey by the Treasury suggests the advisability of simplifying the report forms if greater bank cooperation is to result.

The two chief suggestions now under study are that a briefer and more easily handled form be devised and that the reportable denominations and amounts be adjusted to present conditions.

Asked for comment on the subject by BANKING, Secretary of the Treasury John W. Snyder observed:

"It has always been realized by the Treasury that the preparation and forwarding of the reports of currency transactions subjected the reporting institutions to a certain amount of inconvenience. Nevertheless, cooperation in this respect with the Government on the part of the banking fraternity continues good.

"The Revenue Service has made periodic checks with the field offices of its enforcement division on the effectiveness of the reports, and on proposals for modification of the basic plan. Our most recent check has been on the questions of whether the report forms could be altered and the reportable denominations and amounts revised in the interest of lessening the burden on the reporting institutions. The effect of

Banks Aid Treasury Crime Control

the suggested changes would be, in general, to lessen the number of reports and require less time and effort for their preparation.

"The value of the reports to the Bureau of Internal Revenue cannot be questioned. They are very much in the public interest. The reporting system squares in every respect with the recent emphasis, given through the activities of the Senate Special Committee to Investigate Organized Crime and otherwise, on the importance of bringing the full penalties of Federal law to bear on tax evaders of the criminal class.

"The amounts of evaded income tax which have been recovered by the Bureau of Internal Revenue through leads obtained from reports of currency transactions are substantial, and these leads also have enabled the Revenue Service and the Department of Justice to obtain numerous prison sentences as well as heavy fines. The banking system has my assurance that the voluntary work done in preparing and submitting the reports has been a very valuable public service.

"In one of our surveys of field offices engaged in tax enforcement, considerably more than half of the responsible officials pronounced these reports their one most valuable source of automatic information relating to unreported income and leading to the uncovering of fraudulent income tax transactions.

"Our experience has been that the reports which we receive from the smaller financial institutions are as

important to us as those which come from the large financial centers. Unfortunately, the number of smaller banks participating in the program has been limited. I think this is due to a lack of the understanding of the program, and of its value to the Government and the public service, rather than to any lack of readiness to be of assistance to us.

"The information given us in the reports is considered as strictly confidential between the Bureau of Internal Revenue and the reporting organization. Every effort is made to maintain this confidential relationship." (END)



"I don't know why they sent me here to help send out statements. Gosh all hemlock! I'm no good at thinking up things to say!"

New Record and Personnel Protection Guide

IN ALL probability, even if actual war should come, the chances of any particular bank being struck by an atom bomb are slight, according to the Bank Management Commission of the American Bankers Association in the foreword to a new manual, *Bank Personnel and Records Protection Guide*.

The new manual is just being completed by a special committee of which Raymond C. Deering, vice-president and comptroller of the Manufacturers Trust Company, New York, is chairman. It will be mailed to all A.B.A. member banks.

"If a bomb should hit," the manual points out, "the resultant problems might be so enormous that an alert management cannot afford to ignore the implications.

"With this in mind, and in view of the mounting interest in war precautionary measures, the Bank Management Commission has authorized the preparation of this booklet. It is recognized that the problem differs con-

siderably among individual banks, depending upon such things as location, type of operations, and available facilities. As a result of these factors, there will also be differences of opinion with regard to the classification of records, the extent of protective measures to be adopted, and the general urgency of the situation.

"Each bank, therefore, must decide on its own program. The material contained herein is intended as a guide in the formulation of a specific course of action."

The manual, which consists of 22 pages, is divided into two parts—the first part covering "Personnel Protection" and Part II "Records Protection." The manual advises cooperation with civilian defense authorities.

"Because of the uncertainties that exist," the manual says in Part I, "every bank is faced with the immediate need to consider an adequate personnel protection program—a program as well thought out and as

firmly based as if the danger of atomic bombing were certain. An attitude of complacency is foolhardy, for in the event that an atomic war should begin suddenly, there would no longer be time for effective planning.

"The need for personnel protection is based on the same primary factor that determines the need for records protection. If your bank is located near any potential bomb target, your obligation to develop an effective program goes far beyond a moral obligation to your employees. They are not only the key to the reconstruction of records, but the only means of keeping the channels of banking open to the community, commerce, industry, and the Government in a period of great national emergency."

Part II: Records

In Part II, which covers protection of essential bank records, the manual presents a check list which classifies various types of records as "necessary," "secondary," or "original."

"All records marked 'necessary' have been so classified because it is considered that their cumulative information would be needed to re-establish the asset and liability position, or would be needed from ownership and management point of view in the event that the original records were destroyed. Accordingly, records classified 'necessary' should be included in the duplication schedule of any bank setting up a protection program.

"Records labeled 'secondary' are not considered essential for the re-establishment of asset and liability position, although in some instances the information they contain may simplify such reconstruction process. However, all 'secondary' records (for instance, signature cards) in one way or another are needed for the earliest possible resumption of customer or personnel relationships in the event of a catastrophe. Therefore, all banks wishing to approximate as close to 100 percent protection as is possible are urged to consider duplication of 'secondary' records as part of their protection programs.

"Records classified as 'original'



Audience at a small business conference sponsored jointly by the bankers of Newark, Ohio, and Denison University. Beginning at 9:30 A.M., April 2, on the Denison campus, the conference continued until late afternoon. The morning session heard Everett D. Reese, president, Park National Bank, Newark, and president, Newark Clearing House Association, and Dr. J. C. Dockeray, business finance and tax officer, U. S. Department of Commerce. At a luncheon presided over by Harold Ballinger, president, Union Licking Bank, Newark, there was a talk by Dr. C. F. Richards, acting president of Denison. The afternoon session began with a panel, members of which were Harold Craig, merchant of Washington Court House, Ohio; Russell Weatherwax, president, Oglesby-Barnitz Bank & Trust Company, Middletown, Ohio; John Martin, CPA, of Columbus. The moderator was Dr. Dockeray. The final talk of the conference was by Vernon (Sam) Vining, merchandise consultant of Westinghouse Electric Corporation, Mansfield, Ohio

are as essential to an adequate records protection program as those designated 'necessary' or 'secondary.' In order to reduce the amount of time, work, and expense involved in duplicating all records, certain of them have been given an 'original' classification. For example, since the greater or the only value of some records is in their original state, it is considered advisable that they be retained in original form rather than be duplicated. Similarly, it would be impractical to duplicate many records due to their volume, size, or form. Accordingly, such records need not be duplicated but may be retained in their original form."

The manual emphasizes that each bank has an individual problem in determining its own program. It urges banks that "in selecting a storage point for duplicated records,

consideration should be given to the amount of protection afforded from the hazards of fire, flood, and humidity.

"Distance and type of structure are also factors. The storage site should be far enough from the bank to preclude the probability of bank and storage point being destroyed at the same time, and yet not so far or remote transportationwise as to make accessibility a problem.

"Banks, of course, will be guided by their size, volume of records, and space at the storage point in determining the amount of equipment and supplies maintained there. For banks wishing to maintain complete facilities at the storage point, items such as microfilm readers, microfilm processors, bookkeeping and adding machines, typewriters and stationery should be considered."

Clearing Houses Begin E Bond Information Job

A PROMPT, nationwide response has been made by clearing house groups to the American Bankers Association's offer of material to acquaint the public with the automatic extension program for maturing E Bonds.

In a letter, at the end of March, to these local bank organizations, A.B.A. President Shelton, who is president of the Security-First National Bank of Los Angeles, said:

"The United States Treasury's plan for automatic extension of E Bonds goes into effect on May 1. The holders of maturing bonds are going to look to the banks for information. The banks have always worked closely with the Treasury on the Savings Bonds program and will continue to do so.

"With some \$20-billion of E Bonds maturing in the next five years, and the Savings Bonds sales program being stepped up because of the emergency, the importance of this matter from an operating standpoint is clear.

"I have had some correspondence lately with the Secretary of the Treasury because the situation calls for action at this time. I should like to recommend that you call a meet-

ing of the executive officers of your clearing house members, as well as nonmembers, to arrange staff meetings in each bank to study the E Bond extension plan and the future sales program. Through panel discussions in each bank and talks by qualified individuals, bank personnel can be supplied with the answers to questions that will be asked of them by E Bond holders.

"In cooperation with the Treasury, question and answer material is available which would be very helpful in handling these staff meetings. We'll be glad to send this material to you on request."

The automatic extension plan preferred to by Mr. Shelton and described in April *BANKING* specifies that bondholders may retain their maturing E Bonds for up to 10 years longer. During this time, the bonds would earn simple interest at the rate of 2½ percent annually for the first 7½ years, and a sufficient rate during the next 2½ years to provide an aggregate return of 2.9 percent compounded semi-annually if the bonds are held through the full 10-year extension period. This is the same as the present rate on outstanding E Bonds.

Regulations governing options open to owners of maturing E Bonds have been published in a Treasury Department circular under five headings, or "subparts": (1) offering to owners of Series E Savings Bonds heretofore or hereafter issued; (2) further interest after maturity; (3) exchange for Series G Bonds bearing special par redemption privilege; (4) Federal income tax; (5) general provisions.

Copies of this circular (No. 885) may be obtained from the Treasury Department's Information Service.

The activities of the American Bankers Association in support of the Savings Bond Program, in cooperation with the Treasury, are the responsibility of the Treasury Savings Bonds Committee of which H. Frederick Hagemann, Jr., president of the Rockland-Atlas National Bank, Boston, Massachusetts, is chairman. This committee is represented in each state by a Savings Bonds chairman, and these state chairmen are working closely with state bankers associations. It is suggested by this Committee that the automatic extension program also be presented whenever possible before group or general meetings of state bankers associations.

Requests for material for use by clearing house groups may be addressed to President Shelton or to the Treasury Savings Bonds Committee at the American Bankers Association, 12 East 36 Street, New York 16, New York.



"Well, it isn't exactly to modernize my house. I've got eight kids, so I have to rebuild periodically"

Freedom Awards in Banking

FREEDOMS Foundation award winners for 1950 included five banks, a banker, a bank employee magazine, and the Investment Bankers Association of America.

Awards of cash and medals in 19 categories go to "Americans who make outstanding contributions to a better understanding of freedom by the things they write, do or say." The recognitions of bank were in the "Advertising Campaigns" classification.

A fourth place award and \$100 went to the First Huntington National Bank of Huntington, West Virginia, for an advertising campaign conducted in the city's newspapers last year to promote better understanding of freedom.

Regional honor medals were awarded to:

Bankers Trust Company of New York for an ad entitled "Vision Is Indispensable," on the theme of the medical profession's contribution to American life.

The Chase National Bank of New York for its ad "000 or \$000,000," one of a series explaining banking's functions in the American economy. This advertisement featured C. W.



Sam H. Jones

Bailey, president of the First National Bank of Clarksville, Tennessee, and former president of the American Bankers Association.

The Provident Trust Company of Philadelphia for its advertisement, "The World's Most Uncommon Man," pointing out the privileges of freedom enjoyed by young people,

particularly those graduating from high school and college into their careers.

Commerce Union Bank of Nashville, Tennessee, for a newspaper campaign dealing with private enterprise as represented by the state's history.

Sam H. Jones, vice-president and general counsel of the Gulf National Bank, Lake Charles, Louisiana, got a fourth place award in the public address category for his talk, "Fight Socialism With Facts," delivered at a Shreveport Rotary Club meeting.

The Bankamerican, published by Bank of America, San Francisco, and edited by Frances Malmgren, received an honor medal in the company employee publications category.

Investment Bankers Association was awarded an honor medal for "its visual presentation of U. S. money, explaining that money, savings, and investments are the tangible foundation of the American Way of Life."

More than 800 American individuals and organizations received the Foundation's \$100,000 awards and medals. General Omar H. Bradley, chairman of the Joint Chiefs of Staff, presented the highest awards at a Valley Forge ceremony.

From "American Survey—Bull in China" in a recent issue of The Economist, London.

AMERICAN policy in the Far East has been so indecisive, or decisive so sporadically and in so many incompatible directions, that, at any time in the last few months, a British Government which had a clear idea of what it wanted, and why it wanted it, would have been able to save the United States from its own vacillations and the rest of the world from drifting into a dangerous situation. . . .

The belief of the American public at this moment is that their allies have been trying to run out on them since, and because of, the reverses in Korea and that, therefore, the United Nations are an undependable bunch. They do not realize, and have not been told, that the change is not in the policy of their allies, but in that of their own government. But at the same time as believing that

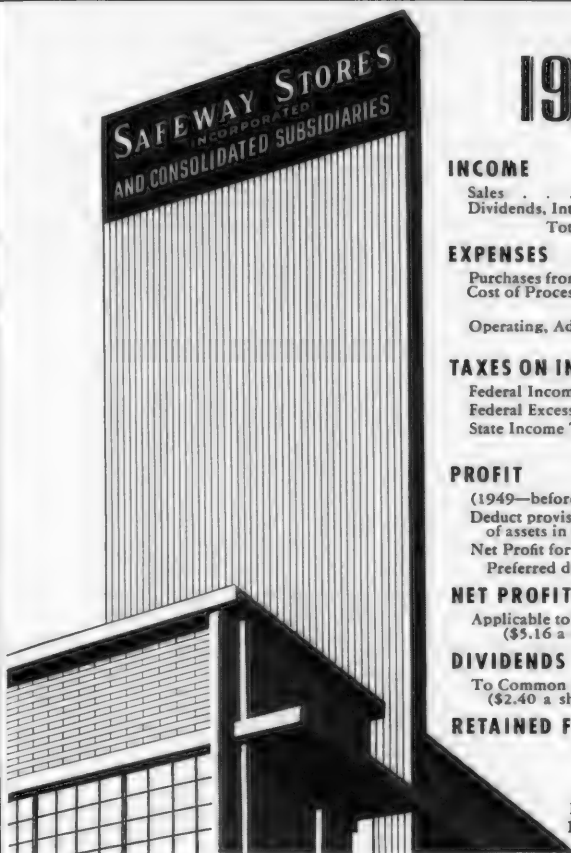
the United Nations, as a corporate body, has let them down, they are also able to accept without question the thesis that every other country except India and Britain is on their side. The fact that they can collect a tattered little band of supporters, consisting of the Latin-American satellites and countries such as Greece, Turkey and the Philippines, which cannot risk thinking for themselves at this time, lends color to the idea. And there is also a theory, which was given expression in Congress by Senator Kem, that those countries which have accepted Marshall aid have thereby forfeited the right to disagree with American policies. . . .

Mr. David Lawrence, who writes a rather gouty column in the *New York Herald-Tribune* and some other papers, goes a little further and thinks that all the world should be a satellite. Public opinion in America

would no doubt be very shocked to learn as it could from the Canadian correspondent of the *Atlantic Monthly*, that Canada feels that American leadership is "vacillating, inept and uninformed"; that "what Ottawa resents most of all is Washington's off-hand treatment"; and that it is asking, after seeing what the United States has done to Canadian opinion, "what is it doing to its prestige in the lukewarm capitals which had little of Ottawa's genuine affection and admiration of the United States in the beginning?" . . .

Good would come out of it (the Korean War) if the United States were to learn the lesson that its policies have no inherent right to ride rough-shod over those of the rest of the free world — particularly when they are swinging so violently in all directions that it is hard for other countries to keep up with the latest moves. . . .

As Others See Us



1950 *Financial Facts*

INCOME

	Year ended December 31	
	1950	1949
Sales	\$1,100,852,265	\$1,095,063,621
Dividends, Interest and other sources	3,129,345	2,160,807
Total	\$1,103,981,610	\$1,097,224,428

EXPENSES

Purchases from Farmers and Suppliers, including Cost of Processing and Warehousing	942,983,137	947,514,299
Operating, Administrative and other charges	160,998,473	149,710,129
	134,338,607	127,175,425
	<u>26,459,866</u>	<u>22,534,704</u>

TAXES ON INCOME

Federal Income Taxes	10,218,000	7,888,900
Federal Excess Profits Tax	1,157,000	—
State Income Taxes	479,522	276,680
	<u>11,854,522</u>	<u>8,165,580</u>

PROFIT

(1949—before exchange devaluation adjustment)	14,605,344	14,369,124
Deduct provisions for decline in conversion value of assets in Canada	—	765,240
Net Profit for year	14,605,344	13,603,884
Preferred dividends paid	1,036,733	951,520

NET PROFIT

Applicable to Common Stock (\$5.16 a share 1950, \$5.22 a share 1949)	13,568,611	12,652,364
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DIVIDENDS

To Common Stockholders (\$2.40 a share 1950, \$1.25 a share 1949)	6,400,897	3,213,306
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RETAINED FOR USE IN BUSINESS

\$ 7,167,714	\$ 9,439,058
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BOOK VALUE...PER SHARE OF COMMON STOCK

December 31, 1950—based on 2,827,703 shares	\$29.57
December 31, 1949—based on 2,570,644 shares	\$28.06

Recomputed Excess Profits Tax Credit Benefits Safeway's Earnings

Upward revision of the Company's Federal Excess Profits Tax Credit Base from \$17,642,744 to \$18,284,393* will result in a more favorable 1951 earnings bracket for Safeway Stores. The new tax base permits the Company to earn \$10,993,883 after Federal Income Taxes and preferred stock dividends, before being required to pay an Excess Profits Tax. This tax credit is equivalent to \$3.89 a share on 2,827,703 outstanding shares of common stock.

Each additional \$1,000,000 over the \$10,993,883 base and up to \$36,568,786 falls in the 77% tax bracket. After the 77% tax, the Company's income will total \$230,000 per million dollars pre-tax income, approximately 8¢ a share on the outstanding common stock.

When pre-tax earnings pass the \$36,568,786 figure, the tax rate drops to 62% permitting the Company to retain \$380,000 per each additional million dollars income or approximately 13½¢ a common share on each additional pre-tax million dollars income.

If the higher 1951 rates for Income and Excess Profits Tax are applied to the Company's 1950 results, the net after tax earnings on the increased number of shares (2,827,703) would be \$4.27 per common share. This compares with reported 1950 earnings of \$5.16 per share on the 2,629,760 shares then outstanding.

In 1950 Safeway paid an Excess Profits Tax of \$1,157,000, which is the equivalent of 44¢ per share on common stock. The 1950 per share earnings (based on 2,629,760 common shares, the average number outstanding during the year) were:

	Per Share before Excess Profits Tax	Per Share after Excess Profits Tax
United States Income	\$4.68	\$4.24
Canadian Dividends	.92	.92
Total	<u>\$5.60</u>	<u>\$5.16</u>

Lingan C. Warren
President

*The Revised Excess Profits Tax Credit of \$18,284,393 is computed as follows:

Base Period Net Income			
1946	1947	1948	1949
\$19,744,628	\$11,735,913	\$11,937,119	\$19,677,847
Average 3 highest years \$17,119,865			
85% of average	\$14,551,885		
Capital additions—Base Period	395,328		
Capital additions—Estimated 1951	3,337,180		
Total Excess Profits Credit for 1951	<u>\$18,284,393</u>		

SAFEGWAY STORES
INCORPORATED

For copy of 1950 Annual Report, write Librarian,
Safeway Stores, Incorporated, Post Office Box 660,
Oakland 4, California

The STOCK MARKET

— Leffler

EVERYTHING you need to know about today's operations—in this complete up-to-the-minute guide. Clearly describes every aspect of securities transactions, from opening an account to most advanced trading practices. Author George L. Leffler, *Pennsylvania State College*, who consulted with officials of the two leading N. Y. exchanges, incorporates latest, most accurate details—all developments since establishment of the S.E.C. Covers functions; history; major exchanges; commissions; trading floor procedure; government regulation; conditions affecting prices; etc. "This reader has not come across a more up-to-date or complete study of the market . . . a ready reference and source of knowledge."—Gingold—*WALL STREET JOURNAL*. 580 pages. 62 illus. \$6.

Grange-Staub-Blackford — WILLS, EXECUTORS AND TRUSTEES

RELIABLE help for trust officers, trustees, administrators—everyone concerned with handling and disposition of decedents' property. Revised Edition of this standard work recognizes needs of every kind of property owner; covers problems of law, administration, accounting. Step-by-step procedures; personal liabilities, duties. Authors William J. Grange, N. Y. Bar, Walter R. Staub, CPA, Lybrand, Ross Bros. & Montgomery, and Eugene G. Blackford, *Greenwich Trust Company*, explain tax considerations; show pitfalls to avoid. 94 useful forms reflect best current practice. Operation of living trusts, life insurance trusts, etc. 546 pages. \$6.

Pratt — BANK FRAUDS —Their Detection and Prevention

BANK OFFICERS, auditors, examiners recommend this practical reference by Lester A. Pratt, CPA, nationally known expert. Shows, department by department, the types of frauds committed in banks—how to discover them, how to stop them. Based on author's analysis of over 1100 actual bank embezzlements, the book points out 210 principal fraud methods.

Includes valuable forms for immediate adoption. Says the *AMERICAN BANKER*: "for the first time a practical 'how book' on the subject . . . case histories cover the several departments of banks and do not overlook the small institutions." 250 pages. 15-pp. index. Appendix of cases. \$4.



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New Books

World Resources and Industries

By *Erich W. Zimmermann*. Harper, New York. 818 pp. \$7.50. Revised edition of "a functional appraisal of the availability of agricultural and industrial resources," first published in 1933. Charts, maps and tables are based on the latest available data. Dr. Zimmermann is on the faculty of the University of Texas.

Effective Personal Letters

By *William H. Butterfield*. Prentice-Hall, New York. 370 pp. \$4.95. This is the second edition, revised and enlarged, of a book for the busy executive or professional man. It contains more than 600 model letters of courtesy in business. Mr. Butterfield, who has written for *BANKING* (including this issue), is executive director of the University of Illinois Foundation.

How to Stay Rich

By *Ernest L. Klein*. Farrar, Straus, New York. 196 pp. \$2.75. Mr. Klein's purpose is to contribute "toward that understanding and appreciation of democratic American capitalism which is necessary for its preservation." The final chapter is "An American Platform."

Economic Resources and Policies of the South

By *Calvin B. Hoover* and *B. U. Ratchford*. Macmillan, New York. 453 pp. \$5.50. An extensive study of physical, human, and financial resources of the South, barriers to the South's economic development, changes in agriculture and industry, cotton, tobacco, policies, and other aspects of the section's economy. The book is partly the result of research done by the authors—both economists at Duke University—for the National Planning Association's Committee of the South.

The Corporation Income Tax

By *RICHARD GOODE*. John Wiley, New York. 238 pp. \$3. This economic analysis of the tax also touches on tax policy. Mr. Goode, a University of Chicago economist, emphasizes the effect of the tax of national in-

come and employment, and endeavors to test its consistency "with the main objectives of fiscal policy." He also considers alternative means of financing. The book is primarily for economists and others interested in tax policy.

Management of Industrial Inventory

By *BENJAMIN MELNITSKY*. Conover-Nast, New York. 274 pp. \$4.25. The author comprehensively pictures the many aspects of the inventory problem and, with the aid of case histories and examples of efficient practice, demonstrates what business is doing to solve it. He places considerable stress on the "man" element in inventory management.

19,793 Banks

Polk's Bankers Encyclopedia, March 1951 edition, reports in its United States section 7,151 national banks and branches; 12,387 state banks and trust companies, and branches; 74 Federal banks and branches; and 181 private banks and other banking institutions—a total of 19,793. Changes during the preceding six months resulted in 87 banks and 71 branches closing for straight liquidation, merger, reorganization or change of title. Seventy-four new banks and 180 new branches opened.

This is the 113th edition of the *Encyclopedia*.

Tax Savings in Real Estate Transactions

Bureau of Analysis, Davenport, Iowa. 98 pp. \$5. "A functional, editorial approach to Federal income taxes." Tax saving principles are explained. Publication of the book was sponsored by the National Institute of Real Estate Brokers.

Industrial Research

COSTS, BUDGETING, AND ECONOMICS OF INDUSTRIAL RESEARCH. Columbia University Press, New York. 261 pp. \$4.50. Proceedings of the First Annual Conference on Industrial Research, held in June 1950 at Columbia.



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1951

RESOURCES

Cash and Due from Banks	\$1,435,547,720.10
U. S. Government Obligations.	1,419,840,131.68
State and Municipal Securities	202,666,148.58
Other Securities	219,222,525.29
Mortgages	40,133,701.85
Loans	1,869,667,421.64
Accrued Interest Receivable	10,703,033.61
Customers' Acceptance Liability	32,303,627.17
Banking Houses	28,613,499.12
Other Assets	13,514,880.20
	<u>\$5,272,212,689.24</u>

LIABILITIES

Deposits	\$4,846,660,746.52
Dividend Payable May 1, 1951	2,960,000.00
Reserves—Taxes and Expenses.	16,966,348.20
Other Liabilities	16,706,819.64
Acceptances Outstanding	37,042,858.56
<i>Less: In Portfolio</i>	3,059,600.31
Capital Funds:	
Capital Stock.	\$111,000,000.00
(7,400,000 Shares—\$15 Par)	
Surplus	189,000,000.00
Undivided Profits	<u>54,935,516.63</u>
	<u>354,935,516.63</u>
	<u>\$5,272,212,689.24</u>

United States Government and other securities carried at \$546,290,430.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

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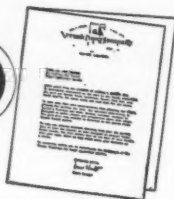


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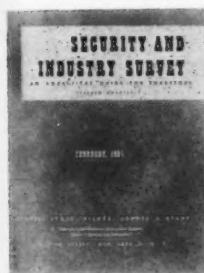
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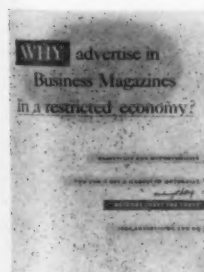
EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



WHAT DOES FIRE INSURANCE DO FOR YOU AND ME? A 16-page booklet illustrated by means of cartoons describing fire insurance as "American Enterprise at Work." Outlines the use of fire insurance as a help in borrowing to build or buy a home, in rebuilding burned-out businesses, safeguarding job security and as insurance against the loss of use of property. Mentions other types of insurance to make one more secure in his daily life and points out how insurance research and policy-holders' premiums are put to work in the nation's daily life. Write to *National Board of Fire Underwriters*, 85 John Street, New York 7, New York.



SECURITY AND INDUSTRY SURVEY, FEBRUARY 1951, a 48-page quarterly review of a wide variety of industries—air lines, chemicals, with a trade appraisal for each industry. Lists several well-known companies in each industrial group with their earnings and dividends per share of stock together with price range of their securities. Concludes with a brief mention of fixed income securities and comments on the bond market. Write to *Merrill Lynch, Pierce, Fenner & Beane*, 70 Pine Street, New York 5, New York.



WHY ADVERTISE IN BUSINESS MAGAZINES IN A RESTRICTED ECONOMY?, a 15-page booklet, Number 3 of a series, outlining objectives and opportunities for advertising today. Stresses importance of holding market during time that products aren't available, and contains a detailed chart of important jobs that business paper advertising can do in the present economy. **WHAT TO SAY IN YOUR BUSINESS PAPER ADVERTISING TODAY**, a 23-page booklet,

Number 4 in a series, containing check chart and many illustrations of copy themes that may be used effectively. Write for these and the first two in this series previously reviewed on this page to *McGraw-Hill Publishing Company*, 330 West 42 Street, New York City.



PROGRESS THROUGH WOOD RESEARCH FOR NATIONAL DEFENSE AND INDUSTRY, a 16-page illustrated booklet reviewing advances made in wood utilization for structural improvements and increased serviceability. Comments on development of new products and improved glues for both industrial and governmental use and outlines typical fields of research in which the *Timber Engineering Company* is engaged. Write to *Timber Engineering Company*, 1319 18th Street, N.W., Washington 6, D. C.



YOUR NATIONAL HOME MAGAZINE, a 64-page magazine profusely illustrated and containing interesting articles on home financing and the advantages of home ownership together with decorating suggestions for inside and outside of the home with the many models and floor plans available. The booklet describes all materials and equipment used by this manufacturer, as well as the methods used in manufacturing and assembly on the site. Write to *National Homes Corporation*, Lafayette, Indiana.



LIFE INSURANCE AND BUSINESS PURCHASE AGREEMENTS. A 71-page book by Deane C. Davis. This revised edition is designed as a practical handbook reviewing the use of life insurance for business purchase by surviving partner. Includes comprehensive study of the ownership and control of insurance for this purpose, beneficiaries, evaluation of business interest, settlements, liquidation plans and tax problems involved in the business insurance agreement. Also contains suggested forms for various types of agreements. Write to *National Life Insurance Company*, Montpelier, Vermont.

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

The Outlook. This past year—the Year of Korea in our history—provides interesting evidence of that great American paradox: substantial industrial progress side by side with political confusion of a quality unexcelled anywhere else on earth.

Even a television-trained generation has trouble tuning out bedlam and can hardly be blamed at times for wishing it could turn the whole thing off and start over.

The public's mood has been swung back and forth repeatedly from war to peace, by the news of the day. This is an enervating experience for even the toughest economy and could conceivably do serious harm if it continues.

However, unless we become involved in general war, business activity should show a fairly steady gain through the rest of this year and next. The buying jags of last fall and winter might have brought about a serious hangover by this time were it not for the defense orders now flowing out from the procurement agencies in sufficient volume to take up the slack.

It is expected that the severest impact of the defense program on the whole economy will occur late this year and early in 1952. The supply of the chief consumer durables, such as radios and television sets, automobiles, refrigerators and washing machines, will probably decline through this year but will remain high compared to any year except 1950.

Backward, Turn Backward

Glancing back for perspective at the distance we have sped in just 12 months, it will be recalled about this time last year business was on a new postwar plateau and wondering how long it could stay there.

General MacArthur was in Tokyo. United Nations Secretary General Trygve Lie was getting ready for his mission to Moscow. Korea was nowhere in the news and we were officially assuring the communists that it was not even on the map, as far as we were concerned.

President Truman told a press conference early in May that he saw no prospect of a shooting war and that the defense budget in 1951 could be reduced.

On the last day of that far off May, Secretary Acheson told a joint session of Congress that the unity of the Western nations had checkmated the military plans of the communists and that there was little danger of immediate war.

A few weeks later the New York stock market reacted to the Korean attack with the heaviest liquidation of securities in 10 years.

In the latter part of August came the MacArthur article in *U. S. News* taking issue with many of the Administration policies relating to Korea and Formosa, the first of a series of sharp differences with President Truman on policy.

The Army at that time was about 1,500,000 and the President announced it would be increased to 3-million.

It was on September 8 that he signed the Defense Production Act and the first of the credit restrictions on consumer buying went into effect 10 days later.

President Truman told the country by radio on the 9th of that month that national production was at the rate of \$275-billions annually and the goal was \$300-billions.

A few restrictions on nonessential construction and on the size of home mortgages were announced in October; also some new consumer curbs.

In the middle of October the President and General MacArthur held their historic conference on Wake Island.

On October 24 the Chinese entered Tibet.

On November 30 Mr. Truman made his famous statement that we had no intention of withdrawing from Korea and that the atom bomb was always a possible weapon.

November 8 the Security Council invited the Chinese Communists to come over for dinner and have a nice old talk.

By the end of the month much evidence had accumulated that the Chinese were actively aiding the North Koreans.

The month of December brought a new war with Red China, disaster in Korea and what was generally called the worst military defeat in our history. On the 16th the President declared a national emergency and took the first steps toward the present program.

On the 19th former President Hoover made a radio-television speech to the nation urging that we go easy on the Atlantic Pact and create in this hemisphere a Gibraltar of Western Civilization before committing ourselves too far abroad.

From that time until the present the historic debate on national defense policies has continued on hundreds of platforms, in the press and on the street, and will long continue.

These few flashbacks and retakes omit many points of interest along the way, but just to round things out the President of the United States on April 11, 1951, dismissed General MacArthur, Commander-in-Chief of the United Nations forces in Korea and the Supreme Allied Commander in Japan.

Operation Without Pain

It becomes increasingly clear in the public remarks of national production authorities and in their private, off-the-record comments as well, that they expect to war-condition business without seriously dislocating the supply of civilian goods.

Those inclined to shake their heads skeptically over this prospect must remember that by the end of 1952 we shall have an industrial plant with a capacity almost double that of 1939. Most of the talk of austerity and scarcity comes from political and military quarters and not from the production authorities.

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